

## **4. Strategy of Puerto Vallarta**

---

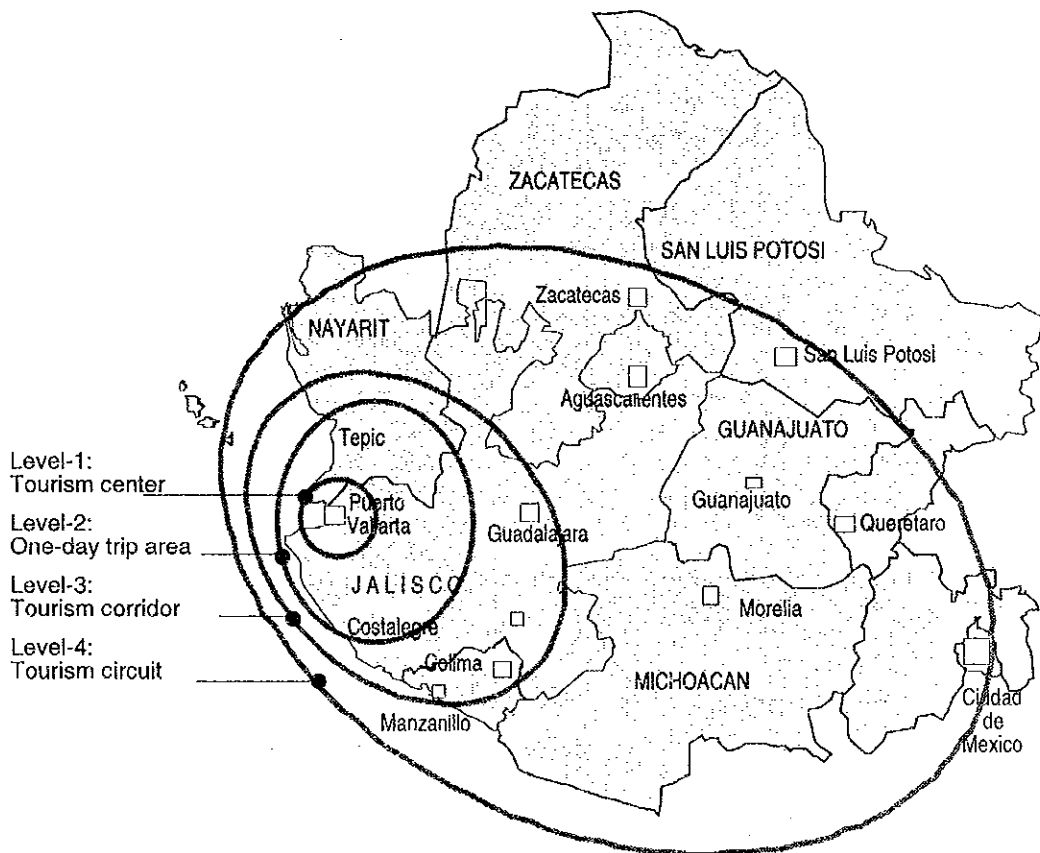
## 4. Strategy of Puerto Vallarta

### 4.1. Regional context

#### 4.1.1. Location of Puerto Vallarta tourism region

Figure 4. 1 shows the location of Puerto Vallarta and its tourism region. Table 4. 1 defines areas that correspond to the hierarchical system of the tourism region.

Figure 4. 1 Puerto Vallarta tourism region



Source: JICA Study Team

Table 4. 1 Hierarchy of the Puerto Vallarta tourism region

| Levels  | Coverage  | Function   |
|---------|---|--|
| Level-1 | Puerto Vallarta   | Tourism center                                   |
| Level-2 | Vicinity of Puerto Vallarta including southern part of Nayarit        | One-day trip area                                |
| Level-3 | Jalisco Tourism Triangle  | Tourism corridor /Tourism zone (Short excursion) |
| Level-4 | Inter-states; including Nayarit, Colima, and inland historical cities | Tourism region (One-week tourism circuit)        |

Source: JICA study team

#### 4.1.2. Physical and socioeconomic conditions

The Jalisco state has a territory of 80,137 square km with 103 km of the coastline facing the Pacific Ocean. Its population was 5,700,000 in 1994 with an annual growth rate of 1.9%. It is the 4th. populous state in Mexico. The gross regional domestic product (GRDP) was \$ 78.9 billion and the per capita GRDP was \$ 14,877, which are ranked 3rd. and 4th in Mexico, respectively.

Visitor arrivals to the state were 4.4 million in 1995, of which 79% were domestic and 21% were foreigners. The tourism sector consists of 28% of the state's GRDP, which is only next to the manufacturing sector.

It is necessary to shift its market toward more high-spending segments by creating added values of the destination. It could be achieved if Guadalajara and other historical cities in the Bajio area, which have different types of tourism products from Puerto Vallarta is combined with the beach destination. Areas for further tourism development is limited in Puerto Vallarta therefore it is important to consider to maximize the land use.

The major indices of natural and socioeconomic conditions of the state are summarized in Table 4. 2.

**Table 4. 2 Major indices of physical and socioeconomic conditions of the state of Jalisco**

| Items                   |                     | Descriptions   |
|-------------------------|---------------------|--|
| Geographical Conditions | Area                | 80,137 km <sup>2</sup>   |
|                         | Coastal line        | 345 km of Pacific Ocean,   |
| Population              | Total (1994)        | 5,700,000; 4th. most highly populated state                      |
|                         | Average growth rate | 1.9 % (80/90)  |
|                         | Population density  | 71.13 capita/ km <sup>2</sup>                                    |
| GRDP                    | Total GRDP (1990)   | \$ 78.9 billion; 3 rd. greatest state                            |
|                         | GDP per Capita      | \$ 14,877; 4th. greatest state                                   |
| Employment              |                     | 1,588,000  |
| Major Industries        |                     | Manufacturing<br>Commerce, tourism, communications and transport |

Source: State census of Jalisco, SETUJAL. Compiled by JICA study team

#### 4.1.3. Regional development program of the Jalisco state

Regional Development Plan of the Jalisco state (1995 - 2001) sets the following objectives.

##### (1) General objectives

The objectives of the state's regional development program are:

- To protect, preserve, and restore the environment, and to assure sustainable development for better quality of life,
- To encourage regional development, sustainability and integration of the state, emphasizing high priority sectors,
- To promote productive investment as a base for improving the quality of life, utilizing the potential of the state,
- To intensify programs of training, and improvement of working conditions, of the personnel in service of the state,

##### (2) Specific objectives and actions

The major objectives and actions for strengthening of economic and administrative infrastructure and for protection of the natural environment are as follows:

##### a. Transportation

- To elaborate field studies, investigation and projects of traffic engineering in order to obtain better safety conditions, conformity and efficiency in the urban areas of the state,
- To collaborate with SCT and concessionaires of public transport, and
- To monitor complete fulfillment of the laws and regulations in the state.

---

**b. Natural environment**

- To adopt a legal administration framework for ecological matters and for preservation of the environment, and
- to reinforce actions and mechanism of environmental conservation.

**c. Socio-economic aspects**

- To promote integral development of family and communities, and
- To take action in health matters in the state, sharing among different governmental levels.

**4.1.4. Tourism development program of the Jalisco state**

Tourism Development Plan of Jalisco (1995 - 2001) specifies the tourism development strategy of the state as follows.

- 1) To promote development of the tourism sector for generating jobs and gaining foreign exchange earnings that might contribute to social welfare and development of a high culture in tourism. It is achieved by:
  - establishing mechanism for development of the tourism zone structure
  - supporting the condition of the necessary structure for areas declared as priority zones for tourism, and
  - supporting the actual structure of new tourism destination that could be incorporated as tourism options.
- 2) To utilize a great variety of natural and cultural resources in Jalisco for revitalization of regional economy, and to improve the highway system in the state. It is achieved by:
  - development of a highway between Mascota and Puerto Vallarta along the existing route,
  - development of historical and cultural tourism environment,
  - improvement of public space for recreational centers, parks, festival sites, and amenities, and
  - launching of promotion campaigns in major potential market cities, such as Guadalajara, Queretaro, San Luis Potosi, Aguascalientes.

#### 4.1.5. Tourism in the Jalisco state

Table 4. 3 summarizes indices that show the current conditions of tourism in the Jalisco state.

**Table 4. 3 Major tourism indices of the Puerto Vallarta tourism region**

| Items                             |                    |                     |                     |                            |
|-----------------------------------|--------------------|---------------------|---------------------|----------------------------|
| Market of Puerto Vallarta(1995)   | North America      | 98 %                |                     |                            |
|                                   | Europe             | 1 %                 |                     |                            |
|                                   | Latin America      | 1 %                 |                     |                            |
|                                   | Asia and others    | 0 %                 |                     |                            |
| Visitor arrivals to Hotels (1995) |                    | Total               | Domestic            | International              |
|                                   | Total of the state | 4,420,516           | 3,482,642           | 937,874                    |
|                                   | Puerto Vallarta    | 1,384,647           | 740,962             | 643,685                    |
|                                   | Guadalajara        | 1,847,049           | 1,631,446           | 215,603                    |
|                                   | Others             | 1,188,820           | 1,110,234           | 78,586                     |
| Hotel capacity (1995)             |                    | hotel rooms (rooms) | Occupancy ratio (%) | length of stay (bed/night) |
|                                   | Total of the state | 40,403              |                     |                            |
|                                   | Puerto Vallarta *  | 15,219              | 42.3                | 4.19                       |
|                                   | Guadalajara        | 15,066              | 55.1                | 1.95                       |
|                                   | Others             | 10,118              | 40.8                | N.A.                       |

Note: \* =Including motels, timeshare condominiums, bungalows, etc.

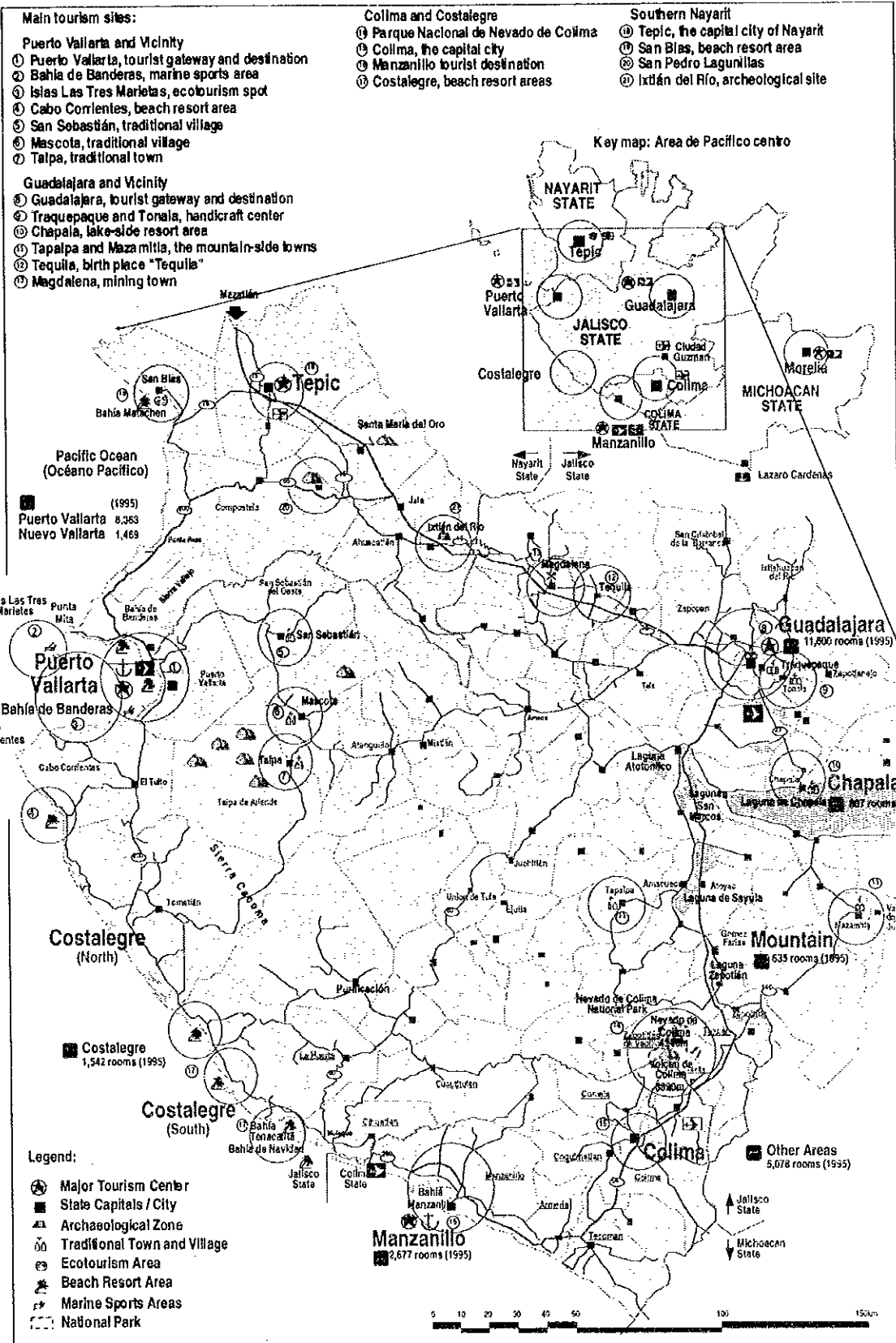
Source: SECTUR and SETUJAL; compiled by JICA study team

Figure 4. 2 in the next page shows the existing conditions of Level 3 - the tourism corridor area. The figure hints a triangle of Puerto Vallarta, Guadalajara, and Manzanillo. The JICA study team refers to the triangle as Jalisco Tourism Triangle. Three sides of the triangle are called as follows:

- Puerto Vallarta - Guadalajara Corridor,
- Guadalajara - Manzanillo Corridor, and
- Costalegre Resort Belt.

Mexican Cities Circuit is a touring circuit that visits historical cities in the Central Highland such as Guadalajara, Zacatecas, Guanajuato, San Miguel de Allende, Queretaro, Mexico City, Taxco, Morelia, and Patzcuaro. It meets Jalisco Tourism Triangle at Guadalajara.

Figure 4.2 Existing conditions of Puerto Vallarta tourism region



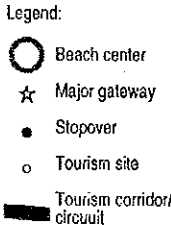
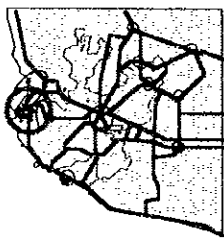

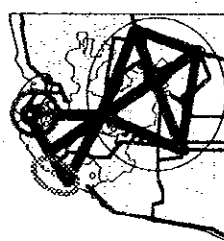
Source: JICA study team

## 4.2. Assessment of tourism development and promotion scenarios

### 4.2.1. Alternative scenarios for the tourism region

Three alternative scenarios for the Puerto Vallarta tourism region were set according to the methodology as discussed in the theoretical framework. Figure 4.3 summarizes the three scenarios.

Figure 4.3 Alternative scenarios for the Puerto Vallarta tourism region

|  | Alternative-1   | Alternative-2  | Alternative-3   |
|--|---|--|---|
| Legend:<br> |                            |   |    |
| Diversification of tourism products  | Diversification level: low<br>- Development of Banderas Bay for beaches and activities<br>- Village tourism | Diversification level: medium<br>- Development of Costalegre Resort Belt for beaches/activities<br>- Village tourism<br>- Ecotourism in Costalegre<br>- Convention/incentive tourism<br>- Some linkage with Mexican Cities Circuit | Diversification level: high<br>- Development of Costalegre Resort Belt for beaches/activities<br>- Village tourism<br>- Ecotourism in Costalegre<br>- Convention/incentive tourism<br>- Intensive linkage with Mexican Cities Circuit |
| Target markets   | - Expansion of the traditional market: North America  | - Expansion of the traditional market: North America, domestic<br>- Development of new markets: Europe, Latin America  | - Consolidation of the traditional market; North America, domestic<br>- Development of new markets; Europe, Latin America, Asia   |
| Tourism administration   | - Coordination within the municipality for development and tourism promotion                                | - Coordination in the state for tourism development<br>- Coordination of Fondos Mixtos in the neighboring states for tourism promotion   | - Coordination of neighboring states for development<br>- Coordination of Fondos Mixtos in the neighboring states for tourism promotion   |
| Development/ tourism promotion costs   | - Development costs; small<br>- Tourism promotion costs; small<br>- Investment concentration effect; high   | - Development costs; medium<br>- Sales promotion costs; medium<br>- Investment concentration effect; medium  | - Development costs; large<br>- Tourism promotion costs; large<br>- Investment concentration effects; low   |

Source: JICA study team

#### Alternative-1:

- concentrates most development efforts on the level 2 area, namely, Puerto Vallarta, Nuevo Vallarta, and its surroundings in a one-day trip area,
- improves and develops beach resorts and tourist attractions for day-trips, and
- targets primarily at short-haul beach resort tourism including the domestic tourism.

#### Alternative-2:

- concentrates development efforts on the level 3 area, namely, the Jalisco tourism triangle covering Puerto Vallarta, Guadalajara, and Manzanillo including Costalegre,
- develops beach centers in Puerto Vallarta, Nuevo Vallarta, Manzanillo, as well as Costalegre,
- formulates tourism corridors from Puerto Vallarta and Manzanillo to Guadalajara that is a cultural destination and a gateway to the inland historical cities circuit,
- introduces some linkage with Mexican Cities Circuit, and

- 
- targets at both short-haul beach resort tourism and the long-haul market.

Alternative-3:

- develops the level 4 area, namely, the Jalisco Tourism Triangle and Mexican Cities Circuit,
- improves tourism network and tourism amenity in the inland cities as well as beaches along the Pacific coast, and
- places more emphasis on the long-haul market rather than the short-haul market.

**4.2.2. Selection of a scenario**

The three scenarios were assessed from the view point of development stage of tourism destinations, potential and type of tourism resources, and development possibilities as discussed in the theoretical framework section. The JICA study team concluded that **Alternative-2** is the best scenario for the Puerto Vallarta tourism region from the following reasons:

- Puerto Vallarta is assessed to be at the growth stage of tourism destination life cycle. The stage would need diversification of source markets while consolidating existing beach centers and their favorable image,
- Land availability in the Puerto Vallarta proper is limited for further expansion of tourism. Hence, tourism development must be planned outside of the existing tourism centers. Introduction of an alternative beach resort concept to Costalegre would be vital to maintain a high image of Puerto Vallarta.
- Tourism resources within the one-day trip area (Level-2) is limited to historical center of Puerto Vallarta, quaint mountain villages, and several nature-oriented attractions that have mediocre tourism potential . Puerto Vallarta should consider to establish linkage with competitive tourism resources outside of the one-day trip area to enhance its attractiveness.
- The most competitive tourism resources outside of the one-day trip area are historical cities and quaint villages with typical Mexican ambiance. They, however, have less appeal to the long-haul international market compared with archaeological sites.
- Puerto Vallarta's proximity to Guadalajara and the Bajio area implies relative importance of the domestic market that is less inclined to combine a beach trip with a touring.
- Hence, over-emphasis of the long-haul market that prefers to combine a beach destination with a touring of inland historical cities would not be an appropriate strategy for Puerto Vallarta.
- Therefore, neither Alternative-1 nor Alternative-3 is not the appropriate scenario for Puerto Vallarta.



### 4.3. Tourism strategy of the Puerto Vallarta tourism region

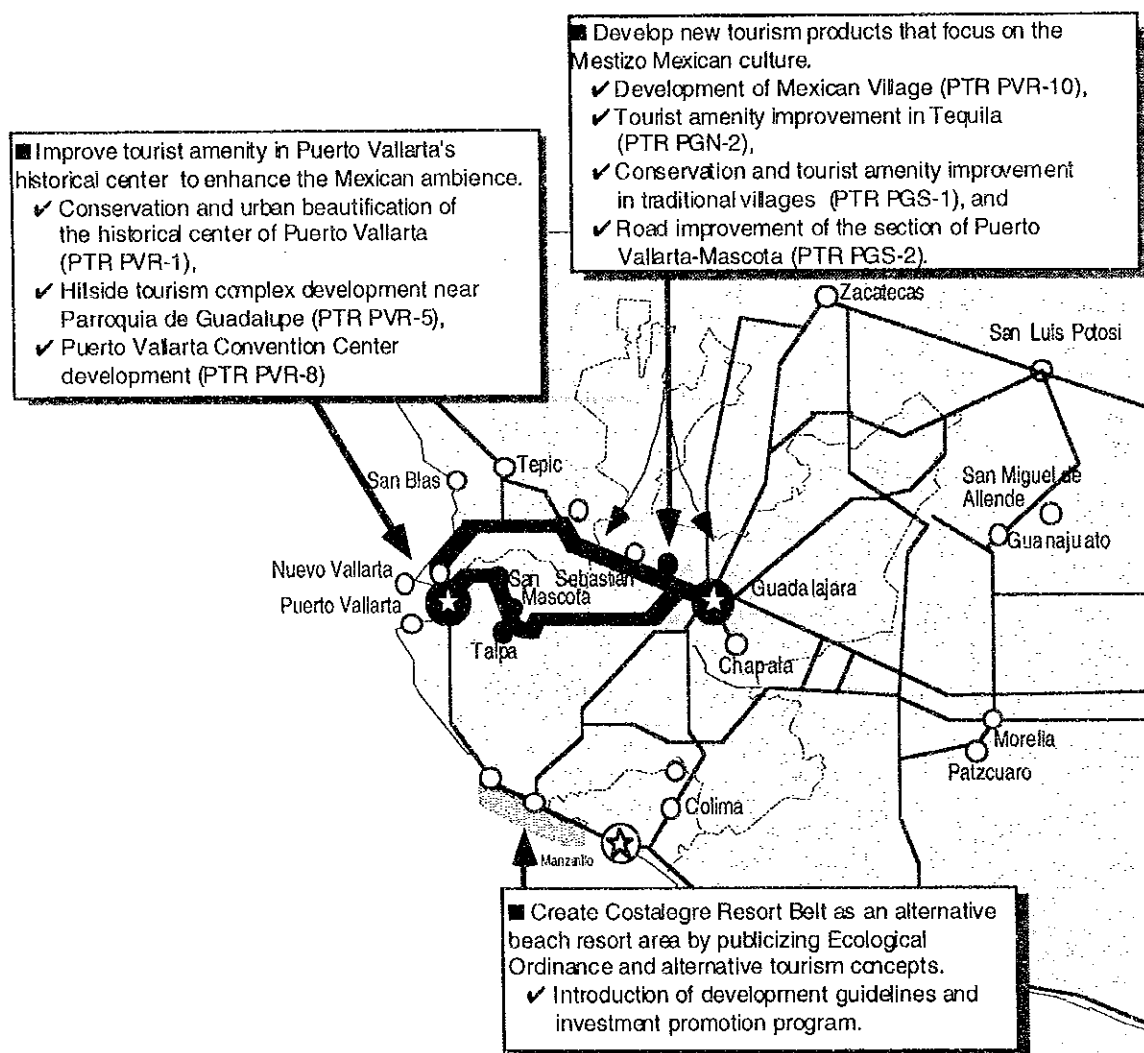
#### 4.3.1. Tourism development and promotion strategy

Puerto Vallarta's beaches are not comparable to those of Cancun and Los Cabos, while Puerto Vallarta's strength is its quaint historical center, and good access to tourism resources that represent the typical Mestizo Mexican culture just outside of one-day trip area. Hence Puerto Vallarta should strive to be the most Mexican beach destination, and enhance linkage with the cultural tourism resources. Costalegre is important to introduce alternative beach resort concepts to cater for diversified consumers' needs in the future. Convention and incentive tourism is an untapped opportunity for Puerto Vallarta therefore should be emphasized in the strategy.

#### (1) Action plan strategy by 2002

At the action plans stage, Puerto Vallarta should concentrate its development efforts on its one-day trip area, Puerto Vallarta - Guadalajara Corridor, and Costalegre. It is important at this stage to conserve the nature from uncontrolled development in Costalegre. Figure 4. 4 details the action plan strategy and action projects.

Figure 4. 4 Action plans strategy of the Puerto Vallarta tourism region

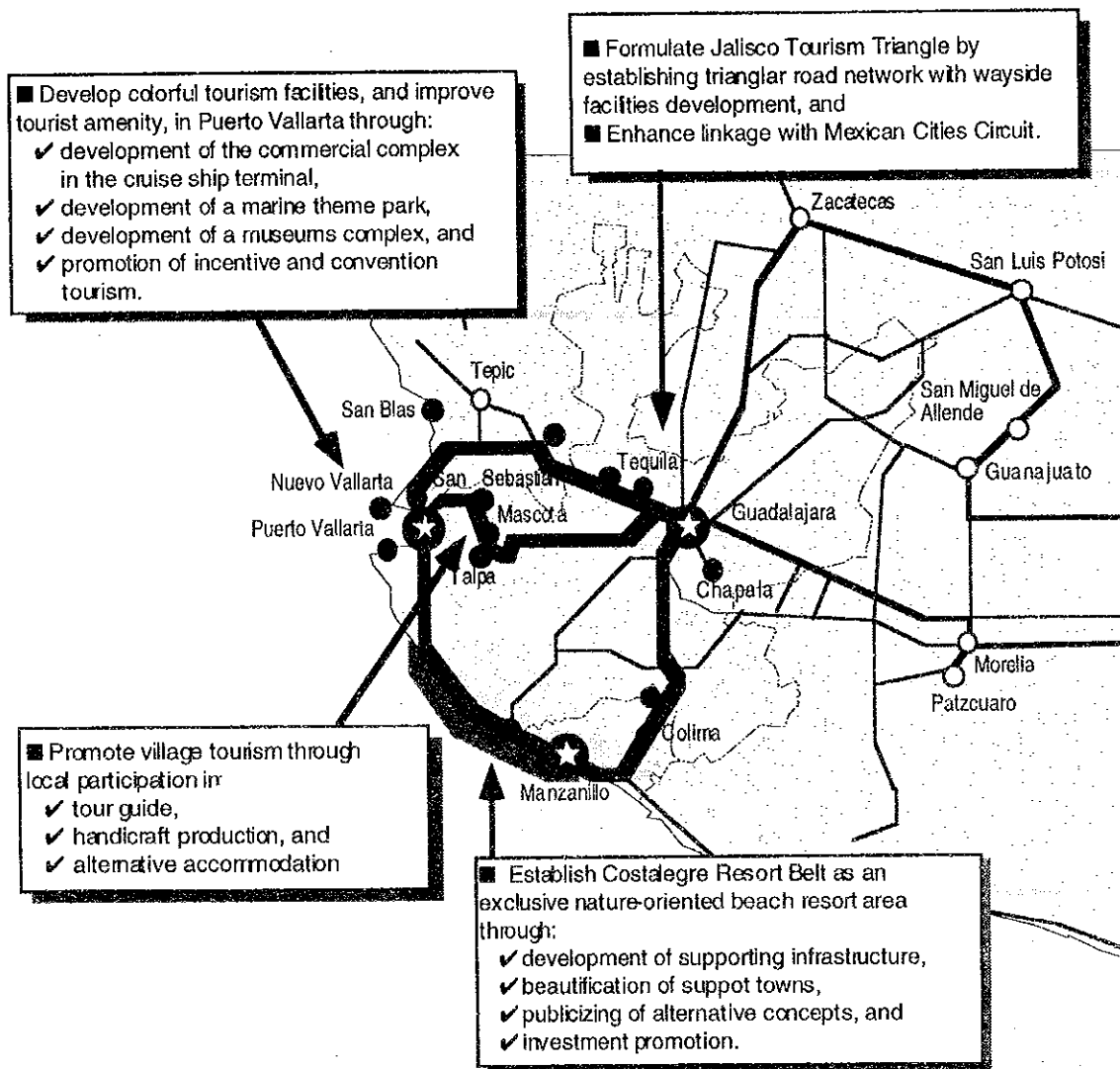


Source: JICA study team

## (2) Long-term strategy by 2010

By the target year of 2010, Puerto Vallarta should formulate Jalisco Tourism Triangle and connect to the Mexican Cities Circuit. Costalegre Resort Belt should be established by the year as a nature-oriented resort area with exclusive accommodations differentiated from those in the existing beach centers. Puerto Vallarta proper should also be thriving with introduction of various tourist facilities as well as conserved Mexican ambiance. Figure 4. 5 details the long-term strategy.

Figure 4. 5 Long-term strategy of the Puerto Vallarta tourism region



Source: JICA study team

### 4.3.2. Spatial structure of tourism

Proposed spatial structure of the Puerto Vallarta tourism region in the target year 2010 is shown in from Figure 4. 6 to Figure 4. 9 at respective levels of the tourism hierarchical system.

Figure 4.6 Spatial tourism structure of the Puerto Vallarta tourism region (Level 4)

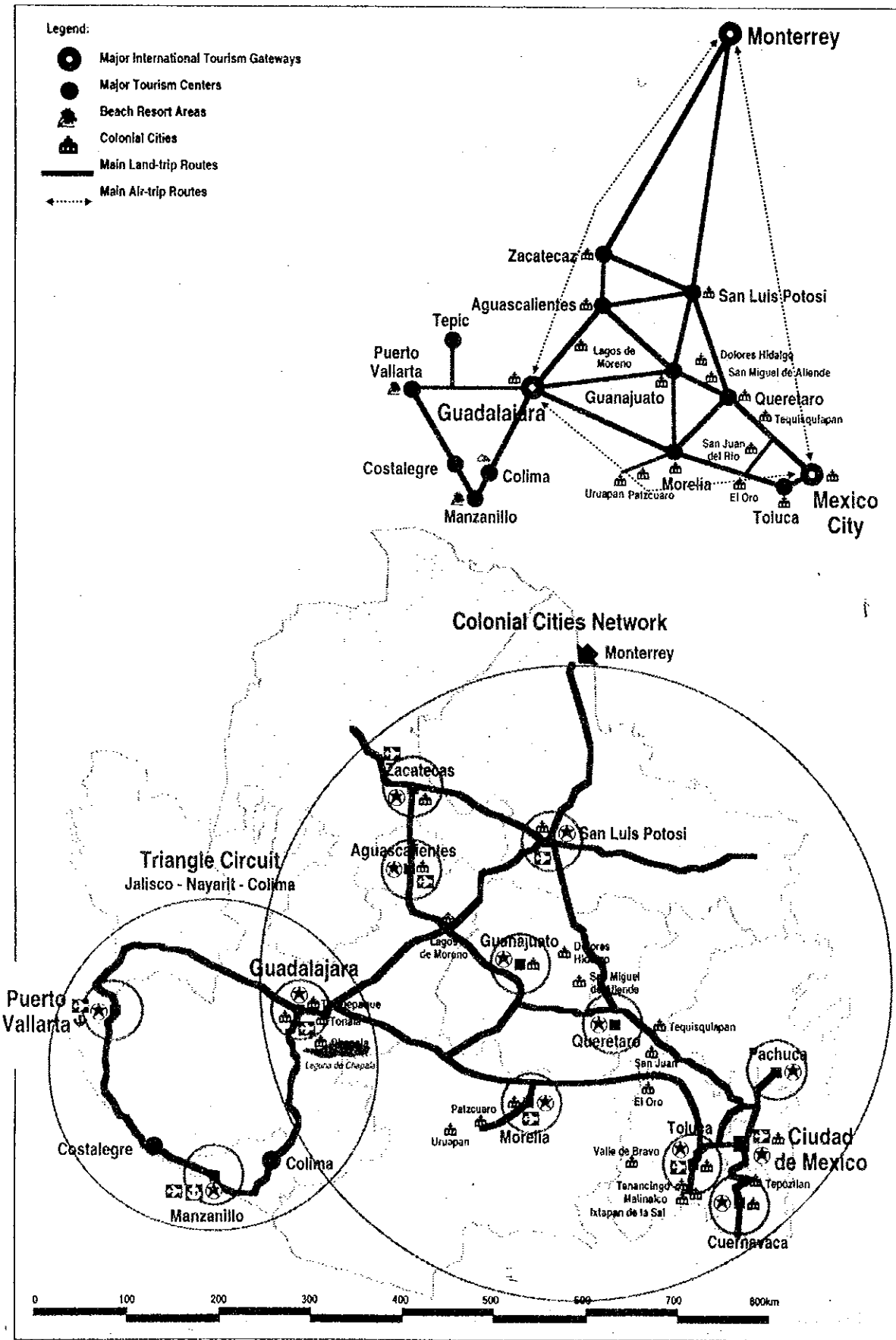


Figure 4.7 Spatial tourism structure of the Puerto Vallarta tourism region (Level 3)

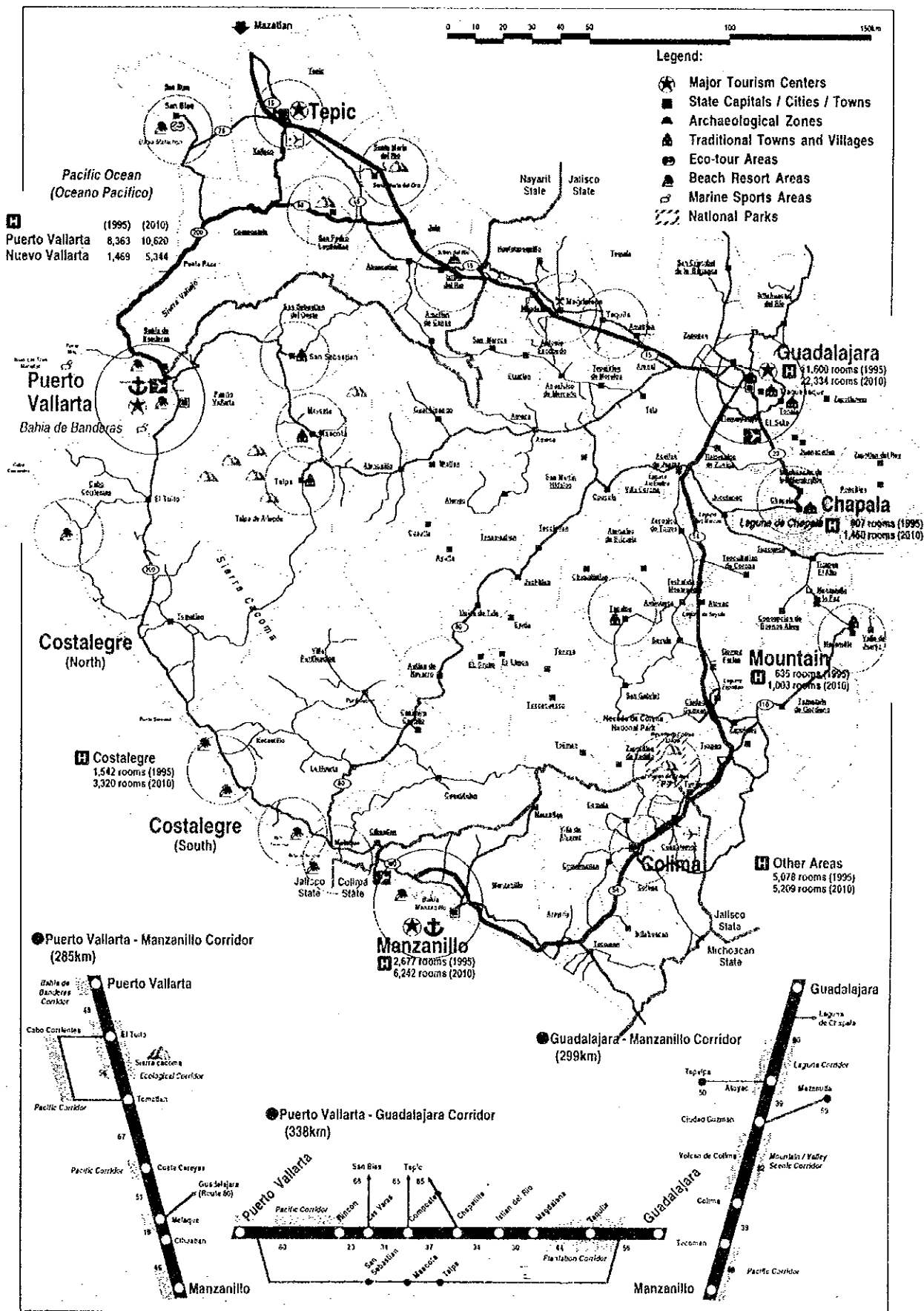


Figure 4.8 Spatial tourism structure of the Puerto Vallarta tourism region (Level 2)

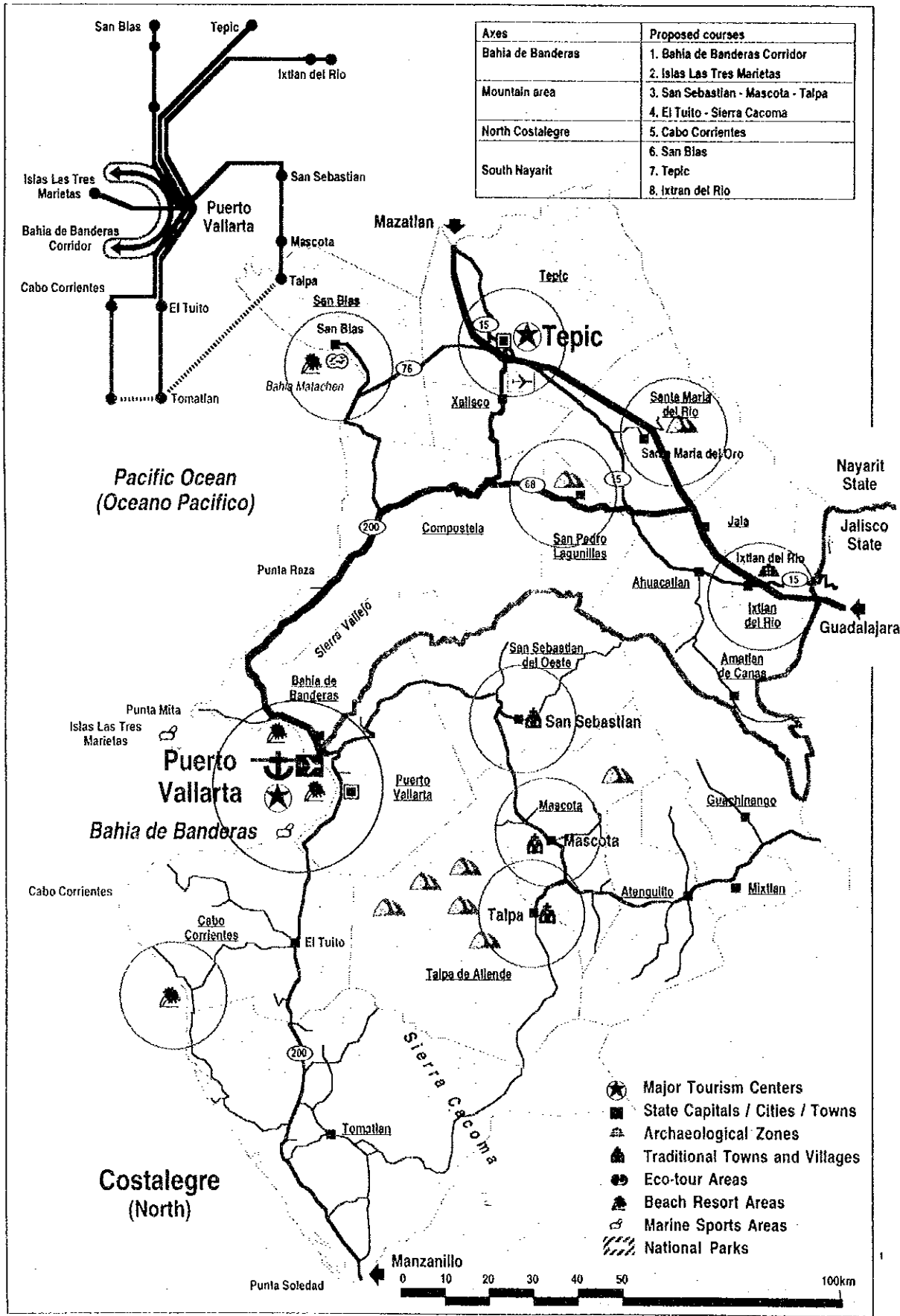
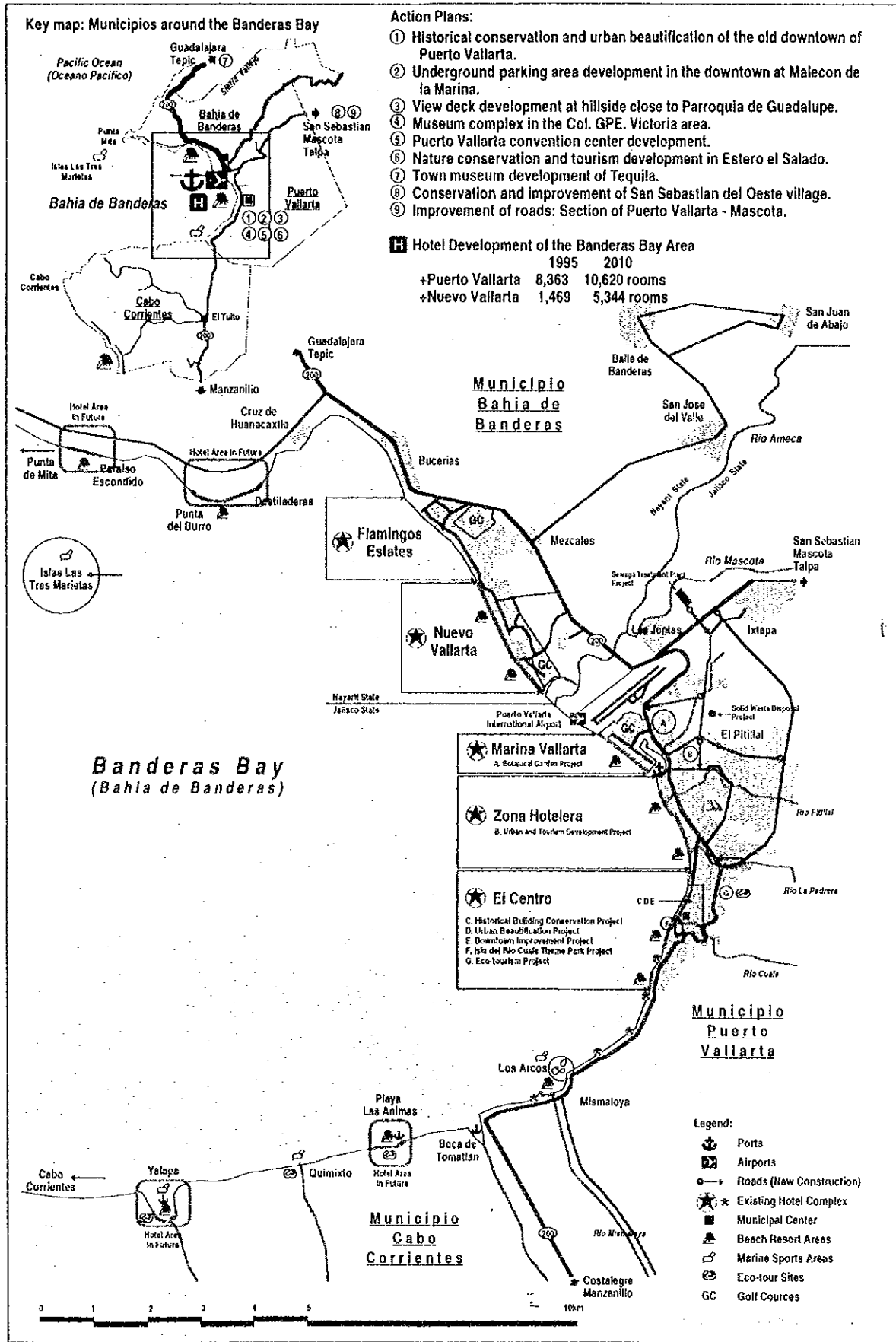


Figure 4.9 Spatial tourism structure of the Puerto Vallarta tourism region (Level 1)



---

### 4.3.3. Marketing directions

#### (1) Tourism images of the Puerto Vallarta tourism region

The Puerto Vallarta tourism region should create following tourism images for advertisement in accordance with the development strategy as already discussed.

- The most "Mexican" beach destination in Mexico,
- Combination of a beach and quaint Mexican towns, and
- Expanse of blue sea viewed from lush green hillside

To create a destination image as the most appropriate place to experience the Mestizo Mexican culture is vital for promoting Puerto Vallarta. Lush green hill is another important image that makes a contrast with Cancun where land is very flat, and with Los Cabos where vegetation is far from being lush.

#### (2) Target markets of the tourism region

Puerto Vallarta's target markets are identified as follows:

- Mexicans from the Central Highland area,
- Beach resort tourists from North America,
- Latin Americans who are interested in Mexican historical cities and the Mestizo Mexican culture, and
- General interest tourists who are culturally motivated both from the long-haul and the short-haul markets.

Due to Puerto Vallarta's proximity to Guadalajara and the Bajio area, the domestic market is relatively important compared with Cancun and Los Cabos. Visitors from Latin America would be important in Puerto Vallarta since the airport survey conducted by JICA study team shows it is the regional market segment that is the most interested in the Mexican culture and historical cities.

#### (3) Directions for tourism products development

Possible tourism products in the tourism region are summarized as follows by type of product.

##### a. Archaeological tourism

This type of tourism products has limited importance in this region. Ixtlan del Rio, however, would make a good stop-over along the Puerto Vallarta - Guadalajara corridor.

##### b. Mexican cultural tourism

Mexican cultural tourism makes the core image of the Puerto Vallarta tourism region, and could be a great value added to the beach destination. Puerto Vallarta should focus on the mainstream Mestizo Mexican culture rather than indigenous culture as in Cancun.

A circuit of inland Mexican cities is planned as a tourism product that should be combined with Puerto Vallarta. It is basically for the middle-to long-haul markets, such as Latin America, Europe and Asia. The full range of the circuit covers Guadalajara, Zacatecas, San Luis Potosi, San Miguel de Allende, Guanajuato, Queretaro, Ciudad de Mexico, Taxco, Morelia, and Patzcuaro. Promotion of converting old buildings and haciendas to small-scale cozy accommodation is strongly recommended to enhance its images.

Touring of inland historical cities has a weakness in that many cities look more or less similar to visitors. This is especially so for the long-haul visitors who have less knowledge of the cities. It is recommended to create a distinct tourism symbol of respective cities such as local handicraft, food, architectural style, and festivals.

---

There are quaint Mexican towns that are suitable for beach tourists to make a short trip to appreciate typical Mexican ambiance. These include Puerto Vallarta itself, the villages of San Sebastian, Mascota and Talpa, Magdalena, and Tequila. Similarly as the Mexican cities circuit, the conversion of old-style Mexican buildings to tourist accommodations or tourist facilities would be useful to create a favorable tourism image.

A few projects aiming at integrating local economy and tourism are proposed in the towns and villages. Among the projects are for introduction of silver workshops in San Sebastian, tourist fruit farms near Puerto Vallarta, improvement of tourist amenity in Tequila. The projects of Puerto Vallarta cinema museum and Huichol village museum are planned to diversify attractions in Puerto Vallarta's downtown.

**c. General interest nature and wildlife tourism**

There are a good number of existing and potential nature-based attractions in the tourism region. Their role, however, is not to attract visitors to Puerto Vallarta but to increase their spending for better local benefit after they are attracted to Puerto Vallarta. Many of them are conducted under the name of ecotourism, and are detailed in the next section on ecotourism.

An important natural characteristic of the Bahia de Banderas and Coastalegre area is lush tropical forest that forms a backdrop behind beaches. It would be better utilized by installing a walking path and observation deck from which visitors can enjoy the view of the Pacific Ocean.

**d. Ecotourism**

Principal products include mangrove boat trips in San Blas, Barra de Navidad, and some parts of Coastalegre, turtle observation in Coastalegre, whale watching in Bahia de Banderas, excursions to Marieta Islands, and popular horseback tours into the jungle. Coastalegre abounds in sites for "ecolodges" for nature lovers.

The state of Colima has opportunities for ecotourism in its national park in the volcanic area, which makes a good combination with beach resort tourism, and a good stop-over along the Guadalajara - Manzanillo corridor as well.

**e. Cruise ship tourism**

Both Puerto Vallarta and Manzanillo are important as popular ports-of-call along the "Mexican Riviera" for cruise ships from the USA. An improvement plan of the Puerto Vallarta port including construction of a commercial complex is important to stimulate the cruise ship market as the current port area is far from the downtown, and lacks in tourist amenity.

For better benefit from this market segment, beach centers should promote "beach-and-cruise" packages that combine a Pacific cruise with a stay in a beach center. In the long-term perspective, both Puerto Vallarta and Manzanillo should influence cruise ship companies to use their ports as the bases for cruise ships.

**f. Beach resort tourism**

Expansion of beach centers are planned in Puerto Vallarta, Nuevo Vallarta, Coastalegre, and Manzanillo.

Puerto Vallarta needs efforts to revitalize old hotel zone south of the historical center. On the other hand, Coastalegre and Cabo Corrientes should specialize in hide-away type development as the area abounds in small coves that are suitable for exclusive development.

**g. Activities**

Opportunities for sports activities similar to those of other beach destinations exist in Puerto Vallarta. The most important are golfing, game fishing, and diving. Short-haul markets would be the primary target of the tourism products.



---

#### **h. Theme park**

Two theme parks are proposed to cope with the lack of tourism attractions in the tourism region. They should be planned with the domestic visitors and the short-haul international visitors as the principal clientele.

Marine theme park is a complex of aquariums and various marine-related attractions. It is proposed in the Nuevo Vallarta area, and targets primarily at domestic beach tourists traveling with their families.

"Mexican Village" is an open-air live museum proposed in the suburb of Guadalajara, which presents the traditional Mestizo Mexican culture to its visitors. It is a cultural facility that presents the "model" Mexican culture through restoration of traditional buildings, performance of historical events by locally-hired actors and actresses, and presentation of traditional ways of life. Domestic family visitors from the Bajio area would be the principal target market. International tourists in Puerto Vallarta would be the secondary target of the tourism facility.

#### **i. Convention and incentive tourism**

Puerto Vallarta has an immediate opportunity for this market segment because of the proximity to Guadalajara and industrial cities in Bajio. Puerto Vallarta should target at incentive tourism and resort convention rather than the authentic conventions. A convention center should be proposed in Puerto Vallarta to tap this market opportunity.

Guadalajara also has good potential for authentic convention tourism because of its political and industrial importance. Improvement of existing convention facilities is proposed to formulate a complex of a convention center, an exposition hall, and a five-star hotel.

Table 4. 4 shows a matrix of planned tourism products by category and geographic area in the Puerto Vallarta tourism region.

**Table 4.4 Tourism products by area in the Puerto Vallarta tourism region**

|                             | Puerto Vallarta                             | Nuevo Vallarta   | Pto. Vallarta-Guadalajara corridor, south circuit                                       | Pto. Vallarta-Guadalajara corridor, north circuit  | Costalegre resort belt                                | Guadalajara  | Los Altos  | Guadalajara-Manzanillo corridor                          | Manzanillo                     | Bajo region  |
|-----------------------------|---|--|---|--|---|--|--|--|--------------------------------|--|
| Archaeological tourism      |   |  |   | Archaeological site of Ixtlan del Rio  |   |  |  |  |                                |  |
| Mexican cultural tourism    | Touring                                     |  |   |  |   |  |  |  |                                | Inland Mexican cities circuit                            |
|                             | Unique towns and villages                   | Historic center of Puerto Vallarta                       |   | Ex-mining town of San Sebastian de Oeste<br>Historical town of Mascota<br><br>Pilgrimage site of Talpa |   |  | Historical city of Guadalajara<br><br>Handicraft towns of Tlaquepaque and Tonala | Pilgrimage site of San Juan de los Lagos                 |                                |  |
|                             | Tourism-local industry complex              | Jaliscoan handicraft show room                           | Agro-tourism (mango farm etc.)  |  | Tequila distilleries<br><br>Opal factory in Magdalena |  |  |  |                                |  |
|                             | Alternative accommodation                   | Conversion of old mexian houses to tourist accommodation |   | Conversion of old mexian houses to tourist accommodation   |   |  | Conversion of old mexian houses to tourist accommodation                         | Conversion of old mexian houses to tourist accommodation |                                | Conversion of old mexian houses to tourist accommodation |
|                             | Regional cultural museums                   | Huichol village museum<br>Puerto Vallarta cinema museum  |   |  |   |  |  |  |                                |  |
| Nature and wildlife tourism | Touring                                     | -  | -   | -  | -   | -  | -  | -  | -                              | -  |
|                             | Nature excursion                            | Horseback riding in the jungle<br><br>Whale watching     | Sea excursion to Marieta Island<br><br>Mangrove boat trip in San Blas<br>Whale watching | Horseback riding in the jungle   |   | Mangrove boat trip in Barra da Navidad etc.<br>Turtle observation trip |  | Ecotourism in the volcanic area                          | Whale watching                 |  |
|                             | Ecology museum<br>Alternative accommodation | -  | -   | -  | -   | Eco-lodge  |  |  |                                |  |
| Cruise ship tourism         | Pacific Ocean cruise                        |  |   |  |   |  |  |  | Pacific Ocean cruise           |  |
| Resort tourism              | Puerto Vallarta resort                      | Nuevo Vallarta resort                                    |   |  | Costalegre resort                                     | Chapala lakeside resort  |  |  | Manzanillo resort              |  |
| Activities                  | Golf<br>Game fishing<br>Diving              | Golf<br>Game fishing<br>Diving                           |   |  | Golf<br>Game fishing<br>Diving                        | Golf   |  |  | Golf<br>Game fishing<br>Diving |  |
| Theme park                  |   | Sea World with aquarium                                  |   |  |   | Mexican village  |  |  |                                |  |
| Convention tourism          | Convention center                           |  |   |  |   | Guadalajara convention and exposition complex                          |  |  |                                |  |

Source: JICA study team

---

**(4) Directions by geographical market segment**

The principal tourism product in the Puerto Vallarta tourism region that appeals to the long-haul market would be inland historical cities. Nature and wildlife tourism and archaeological tourism would be appreciated only by domestic and short-haul visitors. Like other destinations, beach resort tourism, sport activities, convention and incentives, and theme parks are the tourism products, on which the short-haul market put relative importance.

**a. Domestic market**

Domestic market is assessed to be one of the most important market segment for Puerto Vallarta. It is unlikely that domestic visitors would combine a beach and a touring of historical cities but they would visit a beach and historical cities separately.

Guadalajara and the Bajio area are the principal sources of the domestic market for the beach centers in the Puerto Vallarta tourism region. Considering its tourism potential and improvement of transport network, the tourism region needs efforts to attract visitors from outside of the tourism region. Prospective markets would be other cities on the Central Plateau such as Mexico City, Puebla, Toluca, and Morelia.

Though beach is the most important tourism product for the market, this is the market segment, in which less significant tourism products such as archaeological tourism, nature and wildlife tourism, and various tourism facilities have tourism opportunity. Incentive tourism and theme parks should target primarily at the domestic market.

**b. Southbound market (USA & Canada)**

Beach will continue to be the most important tourism product for the market. It would be important to maintain a high image of Puerto Vallarta by introducing exclusive beach development in Costalegre as well as enhancing Mexican ambience in the downtown of Puerto Vallarta. Efforts should be made to attract more visitors who are interested in the Mexican culture, and lure them out to visit mountain villages, Tequila, and Guadalajara.

**c. Northbound market (Latin America)**

This is the market segment which Puerto Vallarta has good potential but is not exploited properly. Interviews with the travel trade show that the market combines a touring and a stay in a beach resort like the European market. The airport survey by JICA study team revealed that this is the market that has good awareness of Mexican culture and historical cities in Mexico. Since these tourism products are the selling point of the Puerto Vallarta tourism region, there is little doubt that the northbound market will be a prospective market segment.

**d. Westbound market (Europe)**

Like the Latin American market, combination of a touring of historical cities and a stay in a beach resort is the most prospective tour itinerary for the market. It is important to establish a distinct tourism image of Mexican cities differentiated from those of Latin American and European counterparts.

**e. Eastbound market (Asia)**

Touring of historical cities is a possible tourism product in the Asian market but combining the touring with a stay in a beach destination is not very likely at present. It is because beach resort tourism is popular only among young people, and those who are interested in the historical cities tend to be above the 40s. Young people who visit a beach in Mexico often combine cities in the USA probably due to the lack of awareness of Mexican cities. This should be improved through persistent tourism promotion activities toward the market. Emphasizing the difference of

Mexican cities from those in Europe would be an important point in conducting tourism promotion activities.

Table 4. 5 summarizes prospect of tourism products in the Puerto Vallarta tourism region by geographical market segment.

**Table 4. 5 Prospect of tourism products by regional market segment**

|                          |                                   | Domestic | Southbound<br>(North America) | Northbound<br>(Latin America) | Westbound<br>(Europe) | Eastbound<br>(Asia) |
|--------------------------|-----------------------------------|----------|-------------------------------|-------------------------------|-----------------------|---------------------|
| Archaeological tourism   |                                   | ○        | ○                             |                               |                       |                     |
| Cultural<br>tourism      | Touring of<br>Mexican cities      |          | ○                             | ⊗                             | ⊗                     | ⊗                   |
|                          | Unique towns &<br>villages        | ○        | ○                             | ○                             | ○                     | ○                   |
|                          | Tourism local<br>industry complex | ○        | ○                             | ○                             | ○                     | ○                   |
|                          | Alternative<br>accommodation      |          | ○                             |                               | ○                     | ○                   |
|                          | Regional cultural<br>museums      | ○        | ○                             | ○                             | ○                     | ○                   |
| Nature and<br>wildlife   | Touring of nature<br>sites        | -        | -                             | -                             | -                     | -                   |
|                          | Nature excursion                  | ○        | ○                             |                               |                       |                     |
|                          | Ecology museum                    | -        | -                             | -                             | -                     | -                   |
|                          | Alternative<br>accommodation      |          | ○                             |                               | ○                     |                     |
| Cruise ship<br>tourism   | ○                                 | ⊗        |                               | ○                             |                       |                     |
| Resort<br>tourism        | ⊗                                 | ⊗        | ⊗                             | ○                             | ○                     |                     |
| Activities               | ⊗                                 | ⊗        |                               |                               |                       |                     |
| Theme park               | ⊗                                 | ⊗        | ○                             | ○                             | ○                     |                     |
| Convention/<br>incentive | ⊗                                 | ⊗        |                               |                               |                       |                     |
| Ecotourism               |                                   | ○        |                               | ○                             | ○                     |                     |

Note: ⊗ = very prospective, ○ = prospective, blank = not prospective, - = not available

Source: JICA study team

#### 4.3.4. Development framework

Development framework of visitor arrivals (both domestic and international) to the tourism region and hotel room requirement at each development phase are shown in Table 4. 6. The number of hotel rooms in the table does not include those of no-star hotels, condominiums and other types of accommodations such as camping facilities, mobile houses, and tourism villas. The framework is based on the national-level framework as discussed in Volume 2; National Strategy.

**Table 4. 6 Development framework of the Puerto Vallarta tourism region**

| Tourism Destinations    | Hotel Arrivals (x1,000) |       |       |       |       |               |      |      |       |       | Hotel rooms |        |        |        |        |
|-------------------------|-------------------------|-------|-------|-------|-------|---------------|------|------|-------|-------|-------------|--------|--------|--------|--------|
|                         | Domestic                |       |       |       |       | International |      |      |       |       |             |        |        |        |        |
|                         | 1995                    | 2000  | 2002  | 2005  | 2010  | 1995          | 2000 | 2002 | 2005  | 2010  | 1995        | 2000   | 2002   | 2005   | 2010   |
| Guadalajara             | 1,231                   | 2,086 | 2,283 | 2,579 | 3,192 | 135           | 189  | 211  | 244   | 312   | 11,600      | 14,206 | 15,732 | 18,021 | 22,334 |
|                         | 1.00                    | 1.69  | 1.85  | 2.10  | 2.59  | 1.00          | 1.40 | 1.57 | 1.81  | 2.32  | 1.00        | 1.22   | 1.36   | 1.55   | 1.93   |
| Puerto Vallarta         | 468                     | 588   | 597   | 609   | 639   | 362           | 372  | 378  | 387   | 400   | 8,363       | 8,830  | 9,138  | 9,602  | 10,620 |
|                         | 1.00                    | 1.26  | 1.28  | 1.30  | 1.37  | 1.00          | 1.03 | 1.05 | 1.07  | 1.11  | 1.00        | 1.06   | 1.09   | 1.15   | 1.27   |
| Costalegre              | n.a.                    | 132   | 184   | 263   | 422   | n.a.          | 41   | 61   | 91    | 150   | 1,542       | 1,843  | 2,133  | 2,568  | 3,320  |
|                         | n.a.                    | 1.00  | 1.40  | 1.99  | 3.20  | n.a.          | 1.00 | 1.49 | 2.22  | 3.68  | 1.00        | 1.20   | 1.38   | 1.67   | 2.15   |
| Chapala                 | n.a.                    | 120   | 136   | 160   | 210   | n.a.          | 44   | 50   | 58    | 77    | 807         | 921    | 1,022  | 1,174  | 1,450  |
|                         | n.a.                    | 1.00  | 1.13  | 1.34  | 1.78  | n.a.          | 1.00 | 1.13 | 1.34  | 1.75  | 1.00        | 1.14   | 1.27   | 1.45   | 1.80   |
| Mountain area           | n.a.                    | 125   | 130   | 137   | 154   | n.a.          | 21   | 36   | 57    | 101   | 635         | 663    | 736    | 844    | 1,003  |
|                         | n.a.                    | 1.00  | 1.04  | 1.10  | 1.24  | n.a.          | 1.00 | 1.69 | 2.72  | 4.76  | 1.00        | 1.04   | 1.16   | 1.33   | 1.58   |
| Others in Jalisco State | n.a.                    | 638   | 677   | 736   | 881   | n.a.          | 123  | 170  | 241   | 406   | 5,078       | 5,110  | 5,124  | 5,146  | 5,209  |
|                         | n.a.                    | 1.00  | 1.06  | 1.15  | 1.38  | n.a.          | 1.00 | 1.38 | 1.95  | 3.30  | 1.00        | 1.01   | 1.01   | 1.01   | 1.03   |
| Total of Jalisco State  | 2,683                   | 3,689 | 4,007 | 4,485 | 5,498 | 552           | 790  | 905  | 1,078 | 1,445 | 28,025      | 31,573 | 33,886 | 37,355 | 43,934 |
|                         | 1.00                    | 1.38  | 1.49  | 1.67  | 2.05  | 1.00          | 1.43 | 1.64 | 1.95  | 2.62  | 1.00        | 1.13   | 1.21   | 1.33   | 1.57   |
| Nuevo Vallarta          | 23                      | 62    | 83    | 114   | 189   | 77            | 99   | 110  | 128   | 169   | 1,469       | 2,598  | 3,076  | 3,794  | 5,344  |
|                         | 1.00                    | 2.74  | 3.67  | 5.06  | 8.34  | 1.00          | 1.28 | 1.43 | 1.65  | 2.19  | 1.00        | 1.77   | 2.09   | 2.58   | 3.64   |
| Manzanillo              | 264                     | 436   | 527   | 664   | 988   | 60            | 70   | 76   | 84    | 104   | 2,677       | 4,035  | 4,437  | 5,041  | 6,242  |
|                         | 1.00                    | 1.65  | 1.99  | 2.51  | 3.74  | 1.00          | 1.18 | 1.27 | 1.41  | 1.75  | 1.00        | 1.51   | 1.66   | 1.88   | 2.33   |

Source: SECTUR, Jalisco state, JICA study team

---

#### **4.4. Tourism development and promotion plans**

Following plans and programs are required to realize the strategy of the tourism region as discussed in the previous section.

##### **4.4.1. Tourism policy and administration**

This section proposes institutional and organizational programs necessary to support and realize the strategy of the Puerto Vallarta tourism region.

##### **(1) Introduction of development guidelines to, and promotion of nature-oriented development in, Costalegre Resort Belt**

Costalegre Resort Belt should be developed as a beach resort area that is more low-density, nature-oriented, and physically unobtrusive than the existing tourism centers of Puerto Vallarta and Manzanillo. Introduction of development guidelines, publicizing of the alternative development concept and knowhow, and investment promotion for nature-based tourism should be implemented to induce the alternative type of tourism development.

##### **(2) Inter-state coordination system for the Puerto Vallarta tourism region**

Though Puerto Vallarta has traditionally focused on the southbound (North American) market and domestic market, JICA study team has assessed that Puerto Vallarta has potential to develop the long-haul market. Visitors from the long-haul market generally travel a wider area than those from the short-haul market. Tourism regions are set to cover the area of possible travel circuit of long-haul visitors.

Hence, it is necessary to establish tourism administration that covers the whole Puerto Vallarta tourism region, namely, the states of Jalisco, Nayarit, Colima, Zacatecas, Aguascalientes, San Luis Potosi, Guanajuato, Queretaro, and Michoacan. It may be necessary to consider to invite Federal District (Mexico City) and the Mexico state as observers to the tourism administration since they constitute part of the touring circuit of historical cities.

To realize region-wide tourism administration, followings organizations are considered to be necessary.

##### Inter-state organization for coordination of tourism administration

It is necessary to establish an organization for coordination of tourism administration of the Puerto Vallarta tourism region to transform the tourism region into a single integrated tourism destination by introducing the tourism circuit of inland historical cities. Differentiation among historical cities as pointed out in the strategy would be a task of the organization.

##### Inter-state organization for coordination of tourism promotion

SECTUR should take the initiative to establish an organization that is responsible for coordination of tourism promotion in the tourism region to facilitate effective tourism promotion toward the long-haul market.

##### **(3) Visitors surveys at airports**

Periodical visitors survey should be conducted at major airports in the region to investigate visitors' profile, satisfaction level, and effects of tourism promotion activities. The surveys should be conducted by a proposed inter-state tourism organization.

##### **(4) Introduction of a financial assistance system for tourism SMEs**

An organization in charge of financial support for tourism SMEs should be established under respective state governments to encourage local participation in tourism. The organization does not only help SMEs to obtain financial support from FONATUR but, if possible, have its own fund for direct assistance to SMEs.

---

**(5) Establishment of a convention bureau**

Convention bureaus should be established in Puerto Vallarta and Guadalajara to promote convention, seminar, and incentive travel corresponding to the projects of development and improvement of convention facilities.

Members of the convention bureaus should be from municipalities, the state government, and private sector enterprises that would benefit from convention, seminars, and incentive travel such as the travel trade, advertising agencies, transportation companies, and printing businesses. The bureau should collect membership fees, and provide, in return, information and know-how of convention and incentive tourism.

**(6) Enhancement of training system for ecotourism**

Since the tourism region has many tourism resources for ecotourism, a training system for ecotourism should be established by respective state governments. The trainees should, in principle, be local people to promote local participation in tourism.

The training program should provide systematic knowledge of nature and history, foreign languages, appropriate manners for visitors.

**4.4.2. Reception services improvement plan**

**(1) Improvement of airport facilities and services in Puerto Vallarta**

The capacity of the airport terminal building does not meet the future demand. Both international and domestic flights' passengers share the same lounge, and foreigners who take domestic flights are sometimes wrongly advised to pass immigration procedures. To prevent the confusion, waiting lounge for international flights should be separated from the lounge for domestic flights.

There are few signs for directions in the terminal. In addition, as there are no notice boards in the waiting lounge that indicate gate numbers. Sign systems in the terminal building also need improvement.

**(2) Improvement of bus services in Puerto Vallarta**

Puerto Vallarta's downtown is an important tourism product. As the historic center is not capable of receiving much car traffic and should be conserved to retain traditional ambiance, use of public transportation should be encouraged.

Although bus services have been provided in Puerto Vallarta, it is not easy for foreigners to use the services due to the lack of information on bus routes, schedule and fares. Both foreign and domestic visitors should be provided with necessary information through brochures and signs.

Improvement of cleanliness of buses is another issue to promote visitors' use of the public transportation.

**(3) Improvement of tourism-related facilities in San Sebastian**

San Sebastian would be more attractive if following facilities are improved or introduced.

- Accommodation that utilizes local designs and existing old buildings,
- Souvenir shop with workshop that sells high-quality silver wares and local handicrafts, and
- Restaurant and cafes near the central plaza.

**4.4.3. Tourism promotion plan**

Table 4. 7 in the following page summarizes recommendable tourism promotion activities for respective tourism products in the region. The key tourism products in

the tourism region are emphasized in gray circles according to the strategy of the tourism region.

Besides the activities listed in the table, it is recommendable to conduct "Visit Puerto Vallarta Year" at an interval of around 5 years. The proposed inter-state organizations should take the initiative to conduct the campaign.

Table 4. 8 shows specifications of respective tourism promotion activities.

**Table 4. 7 Tourism products and appropriate tourism promotion measures**

|   | Archaeological tourism | Mexican cultural tourism |                         |                                |                           |                           | Nature and Wildlife Tourism |                  |                |                           |   | Cruise ship tourism | Resort tourism | Activities | Theme park | Convention/incentive | Ecotourism |
|---|------------------------|--------------------------|-------------------------|--------------------------------|---------------------------|---------------------------|-----------------------------|------------------|----------------|---------------------------|---|---------------------|----------------|------------|------------|----------------------|------------|
|   |                        | Touring                  | Unique towns & villages | Tourism local industry complex | Alternative accommodation | Regional cultural museums | Touring                     | Nature excursion | Ecology museum | Alternative accommodation |   |                     |                |            |            |                      |            |
| Brochure, Map & Poster                            |                        | ⊗                        | ⊗                       | ⊗                              | ○                         | ○                         | -                           | ○                | -              | ○                         | ○ | ⊗                   | ⊗              | ○          | ○          | ○                    | ○          |
| Manual for travel trade (Publication)             |                        | ⊗                        | ⊗                       | ⊗                              | ⊗                         | ○                         | -                           | ○                | -              | ○                         | ○ | ⊗                   | ⊗              | ○          | ⊗          | ○                    | ○          |
| Production of graphic media (video)               |                        | ⊗                        | ⊗                       | ⊗                              | ○                         | ○                         | -                           | ○                | -              | ○                         | ○ | ⊗                   | ⊗              | ○          | ○          | ○                    | ○          |
| AD. on TV & Radio                                 |                        |                          |                         |                                |                           |                           | -                           |                  |                |                           |   | ⊗                   | ○              | ⊗          |            |                      |            |
| AD. in newspaper & magazine                       |                        | ○                        | ○                       |                                |                           |                           | -                           |                  | -              |                           | ○ | ⊗                   | ⊗              | ⊗          |            |                      |            |
| AD. in special interest group's publication       | ⊗                      | ○                        | ○                       | ○                              | ⊗                         |                           | -                           | ○                | -              | ⊗                         | ⊗ |                     | ○              |            | ○          |                      | ⊗          |
| Cooperation to journalist                         | ○                      | ⊗                        | ⊗                       | ○                              | ○                         | ○                         | -                           | ○                | -              | ⊗                         | ○ | ⊗                   | ○              | ○          | ○          | ○                    | ⊗          |
| Familiarization trip for mas media & travel trade |                        | ⊗                        | ⊗                       | ○                              | ○                         | ○                         | -                           | ○                | -              |                           | ○ | ⊗                   | ⊗              | ○          | ⊗          | ○                    | ○          |
| Press Release                                     | ○                      | ○                        | ⊗                       | ○                              | ○                         | ○                         | -                           | ○                | -              | ○                         | ⊗ | ⊗                   | ⊗              | ○          | ○          | ○                    | ⊗          |
| Cooperation to shooting crews of TV/Movie         | ○                      | ⊗                        | ⊗                       | ○                              | ⊗                         |                           | -                           | ○                | -              | ○                         | ○ | ⊗                   | ○              | ○          |            |                      | ○          |
| Seminar for travel trade                          |                        | ⊗                        | ⊗                       | ○                              | ○                         | ○                         | -                           | ○                | -              |                           | ○ | ⊗                   | ⊗              | ⊗          | ⊗          | ○                    | ○          |
| Participation in travel trade show                |                        | ⊗                        | ⊗                       |                                | ○                         | ○                         | -                           |                  | -              |                           | ○ | ⊗                   | ⊗              | ⊗          | ⊗          |                      |            |
| Participation in tourism mission                  |                        | ⊗                        | ⊗                       |                                |                           |                           | -                           |                  | -              |                           | ○ | ⊗                   | ○              | ○          | ○          |                      | ○          |
| Joint Campaign with travel trade                  |                        | ⊗                        | ⊗                       | ○                              | ○                         |                           | -                           |                  | -              | ○                         | ○ | ⊗                   | ○              | ○          | ○          | ⊗                    |            |
| Organization of travel trade show                 |                        | ⊗                        | ⊗                       | ○                              | ⊗                         | ○                         | -                           | ○                | -              | ○                         | ⊗ | ⊗                   | ⊗              | ⊗          | ⊗          | ⊗                    | ⊗          |
| Travel week                                       |                        | ⊗                        | ⊗                       | ⊗                              |                           |                           | -                           |                  | -              |                           | ○ | ⊗                   | ○              |            |            |                      | ○          |
| Approach to special interest group                | ○                      | ○                        | ○                       | ○                              | ⊗                         | ○                         | -                           | ⊗                | -              | ⊗                         | ○ |                     | ○              |            |            |                      | ⊗          |

Note: ⊗ = very effective, ○ = effective, blank = not recommendable, - = no tourism product available

Shaded columns are the tourism products of relative importance in the Puerto Vallarta tourism region

Source: JICA study team



**Table 4. 8 List of tourism promotion projects in the Puerto Vallarta tourism region**

| Project names                             | Description   | Target markets               | Intervals                    |
|---|---|------------------------------|------------------------------|
| <b>Production of promotional tool</b>     |   |                              |                              |
| Image brochure                            | 5 language-versions/total 100,000copies per production  | Almost all markets           | Every 2 years                |
| Information brochure                      | 5 language-versions/total 100,000copies per production  | Almost all markets           | Every 3 years                |
| Poster                                    | 3 kinds/15,000 copies each  | Almost all markets           | Every 4 years                |
| Map                                       | Incl. city map/Spanish : 100,000 copies per production, English : 50,000 copies                     | Almost all markets           | Every 5 years                |
| Convention & Incentive tour manual        | Spanishi&English/10,000 copies per production   | North Ameirca & Domestic     | Every 6 years                |
| Graphic media (1)                         | VIDEO, 20 minutes/5 language versions   | (ditto)                      | Every 7 years                |
| Graphic media (2)                         | Color Slides, CD-ROM, etc.  | All markets                  | Every year                   |
| <b>Advertisement</b>                      |   |                              |                              |
| TV  | 3 markets regions   | All markets                  | 20 times per year            |
| Radio                                     | 3 markets regions   | Domestic                     | Every day except Sat. & Sun. |
| Newspaper (1)                             | 3 markets regions   | Domestic                     | 30 times per year            |
| Newspaper (2)                             | 3 places  | North America                | 18 times per year            |
| Magazines (1)                             | 5 media   | Domestic                     | 20 times per year            |
| Magazines (2)                             | 5 media   | North America                | 12 times per year            |
| <b>PR activity</b>                        |   |                              |                              |
| Cooperation to journalists                | Comunicaton charges, etc.   | All markets                  | Every year                   |
| Familiarization trip                      |   | All markets                  | 156 persons per year         |
| Press release                             |   | All markets                  | Every year                   |
| Cooperation to shooting crews             |   | All markets                  | 6 cases per year             |
| <b>Approach to the travel trade</b>       |   |                              |                              |
| Seminar/presentation                      | Including participation in tourism missions organized by SECTUR                                     | All markets                  | 15 times per year            |
| Familiarization trip for the travel trade |   | International                | 84 pesons per year           |
| Travel trade show                         | Including participation in Tourism Mission organized by SECTUR / Participation of Travel Trade Show | All market                   | 15 times per year            |
| Joint campaign                            |   | All market                   | 10 cases per year            |
| Travel trade fair                         | Organization of Travel Trade Mart   | All markets                  | Every year                   |
| <b>Approach to consumers</b>              |   |                              |                              |
| Travel week                               | 3 places in North America/ 2 places in Asia & Europe  | North America, Europe & Asia | Every year                   |
| Approach to special interst groups        | Charge for communication & travel expenses  | North America, Europe & Asia | Every year                   |
| Promotion of international exchange       | Charge for communication & travel expenses  | Internatio-nal long haul     | Every year                   |
| <b>Campaign and events</b>                |   |                              |                              |
| Visit Year                                | Subsidies for beautification of towns and scale up of festivals and events (4 places)               | All markets                  | Every 5 years                |
| Photo contest                             | Handling of applied photos & purchase of prizes,etc.  | All markets                  | Every 5 years                |

Source: JICA study team

**4.4.4. Recommendations for sustainable tourism**

**(1) Tourism development, urbanization and increase of pollution**

**a. Gradual development of Puerto Vallarta**

Based on a traditional port town, Puerto Vallarta's tourism sector has developed gradually since 1960s. Puerto Vallarta is still medium in size of population (about 110,000 in 1990). Banderas Bay area in the Jalisco and Nayarit states has 150,000 population in 1990.

**Table 4.9 Distribution of hotels and population in Puerto Vallarta**

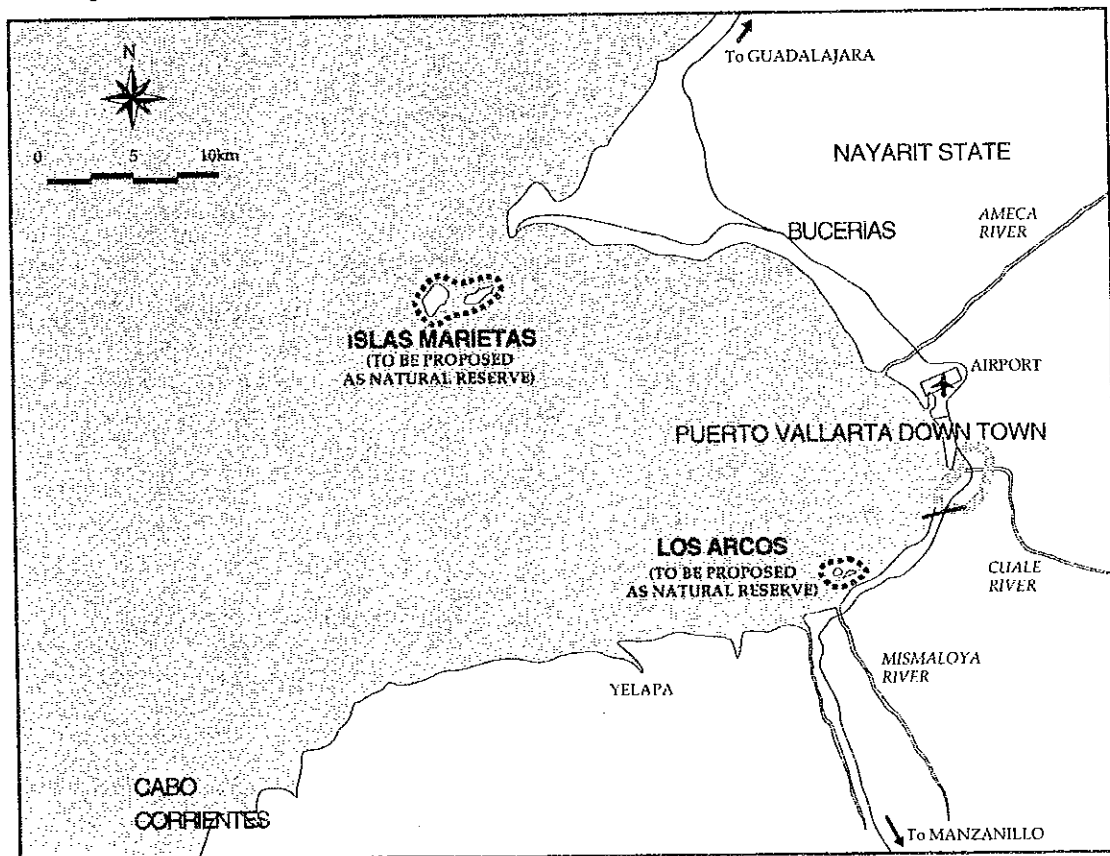
|                            | No. of hotel rooms* | Population                        |
|----------------------------|---------------------|-----------------------------------|
| South area of P. Vallarta  | 1,000               | Total Puerto Vallarta<br>111,500  |
| Puerto Vallarta downtown   | 2,700               |                                   |
| Puerto Vallarta hotel zone | 3,560               |                                   |
| Marina Vallarta hotel zone | 1,660               | Total Bahía de Banderas<br>39,800 |
| Nuevo Vallarta hotel zone  | 1,630               |                                   |
| Bucerías area              | 0 (530)             |                                   |

Note: The number with ( ) indicates that of rooms of residential suites.

Source: \* Sistema Nacional de Información Turística al 25 de 1995, and various estimates.

\*\* INEGI's Population Census in 1990.

**Figure 4.10 Puerto Vallarta and Banderas Bay**



Source: JICA study team

**b. Polluting burdens to Banderas Bay from tourism and urban development**

The urbanized area is surrounded by hills and mountains, and all the rivers in the area flow to Banderas Bay. So the sewage from urban population and tourist facilities eventually affect the water quality of the bay. Aware of these characteristics, the local governments have made serious efforts to construct a sewage system.

At present, SEAPAL, a subsidiary company of the Jalisco state government, is responsible both for water supply and sewage system. Recently SEAPAL started a contract with a foreign private company to invest in construction and operation of a sewage treatment plant. Jalisco is one of the first states to utilize the private sector to do so. However, SEAPAL has to make efforts at increasing the coverage of sewage collectors and feeder pipes in order to supply an enough amount of sewage to the treatment plants.

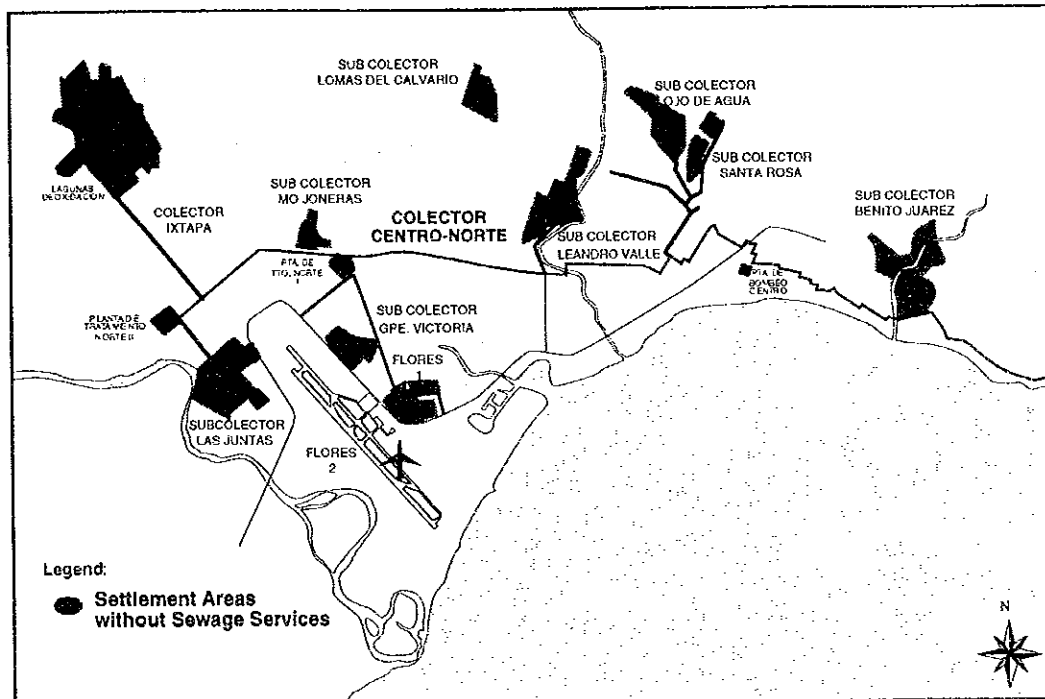
However, in Banderas Bay some areas are not yet covered by the sewage systems. They are growing in urban fringe areas in Puerto Vallarta Municipality (See Figure 4. 11.), and the northern part of the bay, which belongs to Nayarit State. It is recommended that local governments have to make efforts at increasing coverage of sewage services in order to avoid further deterioration of water quality of the bay, as well as images of Puerto Vallarta as an internationally renowned tourism destination.

**Table 4. 10 Sewage treatment situations in Puerto Vallarta**

| Area                       | Sewage System Availability  | Problems related Sewage  |
|----------------------------|---|--|
| South Area of P. Vallarta  | Not covered by SEAPAL sewage service                                    | Increased number of minor hotels and suites have to be served by sewage treatment systems.                       |
| Puerto Vallarta Downtown   | Covered by Biwater's operation of SEAPAL sewage system (600 liters/sec) | Sewage collectors are to be expanded to cover rapidly growing fringe areas of the city.                          |
| Puerto Vallarta Hotel Zone | Covered by Biwater's operation of SEAPAL sewage system                  | -  |
| Marina Vallarta Hotel Zone | Covered by Biwater's operation of SEAPAL sewage system                  | -  |
| Nuevo Vallarta Hotel Zone  | Covered by sewage treatment system by Nuevo Vallarta Hotel Zone         | Needs regular monitoring of treated water by the sewage treatment plant.   |
| Bucerias Area              | Not covered by any sewage system  | The substantial number of people and tourist suites in this area will need services of sewage treatment systems. |

Source: SEAPAL

Figure 4. 11 Settlement areas without sewage collection services



Source: JICA study team

**c. Shifting cultivation in Cabo Corrientes coastal areas**

Cabo Corrientes' coastal area is located to the south of Puerto Vallarta, and at present, no roads are available for access to the coastal areas. So the area remains relatively untouched except for some areas surrounding small beaches, where private beach houses and restaurants are found. It has certain potential of ecotourism, including nature walk, diving and so on. However, local people still practice shifting cultivation on a small scale, probably just for growing food crops to meet part of their subsistence.

Simple prohibition of such cultivation is not effective for solving their problems. If any actions are to be taken, substantial research on social-economy and ecology is required.

**(2) Increased awareness on remaining natural environment**

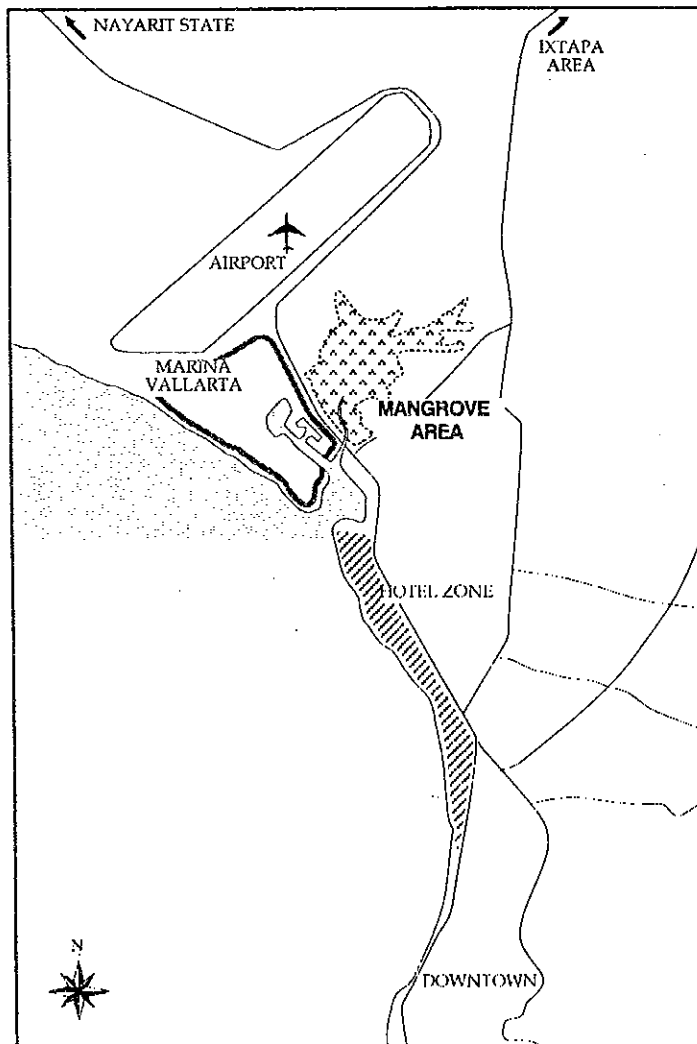
**a. Puerto Vallarta's mangrove area along Salado River**

A private developer had a plan to expand condominiums and marinas near the mangrove area of Salado river just beside Marina Vallarta Zone. (See Figure 4. 12.) In the course of starting up the project, the company has had huge difficulties to acquire land for the project due to strong opposition by environmental groups, as well as by landowners. The company proposed an ecological rehabilitation plan because the existing conditions of the mangrove area was considerably deteriorated by illegal dumping of garbage and by intrusion of illegal settlements. This company's effort at conserving the mangrove area is very much appreciable.

However, there might be still negative impacts of the project, one of which is that since the company's plan situates the development area surrounding the mangrove, the project largely limits public access to the mangrove area. The project planners do not seem to understand reasons that the local people reacted to the project that way. In many cases, citizens do not like private sector's monopolizing valuable things which are supposed to be open to the public. Now the EIA report for the project is under review by INE.

Although it is desirable to utilize the mangrove area both for citizens and tourists, it is highly recommended that natural conservation and opening to the public are well considered in planning of the mangrove area.

Figure 4. 12 Mangrove area in Puerto Vallarta



Source: JICA study team

**b. Marine turtle protection project**

In March of 1993, the Ecology Section of the Puerto Vallarta municipality started an ecological project for protection of Olive Ridley Turtle arriving at the coast of Puerto Vallarta. Its working strategy is to involve night security guards of beach hotels (3 hotels cooperating the project), tourist policemen, Navy patrols for watching marine turtles' arrival at beaches at night. Protected eggs by night inspection are secured in nesting corrals located in the beach areas in front of the 3 beach hotels. This project has succeeded in creating local people's awareness to the environment in their city.

**(3) Ecotourism potential untapped and issues for further development**

Puerto Vallarta has some nature sites, such as Marietas Islands and Los Arcos Islands, which attract many tourists. These nature spots are not legally protected at present. Local researchers are conducting ecological studies on effective measures to protect the nature spots from excessive utilization of tourist activities. Based on

the studies, they will propose biosphere reserves which enable both natural conservation and low impact utilization for ecotourism activities.

The area spreading to the south of Puerto Vallarta, called Cabo Corrientes, has relatively undisturbed coastal lines which are now only accessible by boat. (See Figure 4. 10.) It is considered that this area also has ecotourism potential and other low density development. In order to preserve the quality of environment and control prospective development, an ecological ordinance of Coastalegre has been established.

It is highly recommended that the on-going efforts at giving legal protection to the two proposed areas for nature protection should be kept, and at the same time, it is necessary promptly to start environmental management activities for the two proposed areas.

**Table 4. 11 Proposed natural reserve areas in the Puerto Vallarta area**

| Name                                  | Year of Establish-ment | Characteristics  | Undergoing Projects  |
|---------------------------------------|------------------------|--|--|
| Marietas Islands<br>(To be Proposed)  | Proposed               | Islands providing habitats of marine birds and migratory birds, attracting many tourists | Ecological research is undergoing for considering protection measures for birds and reefs. |
| Los Arcos Islands<br>(To be Proposed) | Proposed               | Islands with easy access for tourists  | Ecological research is undergoing for considering protection measures for birds and reefs. |

Source: Jalisco state government

---

#### 4.5. Tourism development and promotion projects

##### 4.5.1. Action projects

###### (1) Tourism development projects

Action projects should be implemented by the year 2002. They are included in short-term projects (1996-2000) or medium-term projects (2001-2005). Action projects are chosen from the following criteria:

- Contribution to develop a new tourism product(s) and an attraction(s),
- Contribution to revitalize tourism centers, in particular, Puerto Vallarta,
- Contribution to conserve natural and social environment and tourism resources,
- Contribution to formulate tourism corridors and circuit for integration of the tourism region, and
- Contribution to the regional economy.

According to the above criteria, the following projects are selected as action projects for the Puerto Vallarta tourism region:

- 1) Conservation and urban beautification of the historical center of Puerto Vallarta (PTR-PVR-1)
- 2) Hillside tourism complex development near Parroquia de Guadalupe (PTR PVR-5)
- 3) Puerto Vallarta convention center development (PTR PVR-8)
- 4) Development of Mexican Village in Guadalajara (PTR GDL-1)
- 5) Tourism amenity improvement of Tequila town (PTR PGN-2)
- 6) Conservation and tourism amenity improvement of the three traditional villages of San Sebastian, Mascota and Talpa (PTR PGS-1)
- 7) Road improvement of the section of Puerto Vallarta-Mascota (PTR PGS-2)

###### (2) Tourism promotion projects

All promotion programs listed in Table 4. 8 should be implemented as an action project.

###### (3) Institutional and organizational programs

Following programs as discussed in the previous section should be implemented as action projects.

- 1) Introduction of development guidelines and investment promotion of ecotourism development,
- 2) Establishment of an inter-state organization for coordination of tourism administration,
- 3) Establishment of an inter-state organization for coordination of tourism promotion,
- 4) Periodical visitor surveys at airports,
- 5) Establishment of a financial assistance system for tourism SMEs,
- 6) Establishment of a convention bureau, and
- 7) Training system for ecotourism.

Figure 4. 13 shows the total cost of action projects.

**Figure 4. 13 Cost of action projects**

| Action plan projects   | Unit         | Cost (1,000)      |                   |                   |                   |
|--|--------------|-------------------|-------------------|-------------------|-------------------|
|  |              | Total             | Central Gov.      | State/ City       | Private           |
| Conservation and urban beautification of old town of Puerto Vallarta (PTR-PVR-1)                       | Peso<br>US\$ | 21,815<br>2,909   |                   | 11,587            | 10,228            |
| View deck development at hill side close to Parroquia de Guadalupe (PTR PVR-5)                         | Peso<br>US\$ | 3,750<br>500      |                   | 3,750             |                   |
| Puerto Vallarta convention center development (PTR PVR-8)  | Peso<br>US\$ | 111,500<br>14,867 |                   | 38,000            | 73,500            |
| Development of Mexican Village in Guadalajara (PTR GDL-1)  | Peso<br>US\$ | 34,000<br>4,533   |                   |                   | 34,000            |
| Tourism amenity improvement of Tequila town (PTR PGN-2)  | Peso<br>US\$ | 4,900<br>653      |                   | 3,000             | 1,900             |
| Conservation and tourism amenity improvement of the traditional three traditional villages (PTR PGS-1) | Peso<br>US\$ | 69,510<br>9,268   | 24,700            | 44,810            |                   |
| Road improvement of the section of Puerto Vallarta-Mascota (PTR PGS-2)                                 | Peso<br>US\$ | 174,600<br>23,280 | 174,600           |                   |                   |
| Total  | Peso<br>US\$ | 420,075<br>58,010 | 199,300<br>26,573 | 101,147<br>13,486 | 119,628<br>15,950 |

Source: JICA study team

**(4) Profile and IEE of action projects**

The followings are the profile and the initial environmental evaluation (IEE) of development projects that are chosen as action projects



---

|                                      |   |
|--------------------------------------|---|
| <b>Name of Project:</b>              | <b>Conservation and urban beautification of the historical center of Puerto Vallarta</b>  |
| <b>Project code:</b>                 | <b>PTR PVR-1</b>  |
| <b>Location:</b>                     | Puerto Vallarta municipality, Jalisco   |
| <b>Objectives:</b>                   | <ul style="list-style-type: none"> <li>- To conserve the historical district of Puerto Vallarta's downtown</li> <li>- To improve tourism amenity of Puerto Vallarta town</li> </ul>   |
| <b>Rationale and scope:</b>          | <p>Tourism products of Puerto Vallarta and its surrounding areas are relatively poor. It is necessary not only to diversify tourism products, but also to refine the existing tourism products. Besides beaches, Puerto Vallarta's downtown, which has Mestizo Mexican tastes, is one of the most significant tourism resources of Puerto Vallarta. The historical district of the downtown should be conserved and improved to enhance its attractiveness.</p> <p>This project includes the following components:</p> <ul style="list-style-type: none"> <li>- Establishment of guidelines for conservation and urban beautification of historical districts</li> <li>- Conservation and rehabilitation of historical public buildings</li> <li>- Rehabilitation of historical private buildings</li> <li>- Provision of sign and information boards, and schedule and information boards for bus services</li> <li>- Planting of flower trees, which impress Puerto Vallarta</li> </ul> |
| <b>Executing body:</b>               | Puerto Vallarta municipality  |
| <b>Private sector participation:</b> | The private sector is expected to actively participate in beautification of Puerto Vallarta town.   |
| <b>Schedule:</b>                     | To be implemented by 2002   |
| <b>Related projects:</b>             | PTR PVR-2, 3 and 4  |
| <b>Project cost:</b>                 | \$ 21,815,000, (US\$ 2,909,000)   |
| <b>Financial sources:</b>            | Municipality, private sectors   |
| <b>Implementation arrangements:</b>  | The participation of citizens and private sector enterprises (including Fondo Mixto) in planning and implementation is essential.   |
| <b>Environmental consideration:</b>  | See IEE form  |

---

No PTR PVR-1 Conservation and urban beautification of the historic center of Puerto Vallarta

| Scoping                         | Site Description                  |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
|---------------------------------|-----------------------------------|-------------------|-------------------------------------|-----------------------|-------------------------------------|-------------------------|----------------------------------|-----------------------|----------------|---|--------------------|--|
|                                 | Before operation                  |                   |                                     |                       |                                     | After operation         |                                  |                       |                |   | Social Environment |  |
|                                 | Reclamation and Spatial Occupancy | Spatial Occupancy | Operation of Construction Equipment | Operation of Vehicles | Operation of Trains/Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants           | Land Use       | High population density   |                    |  |
| 1 Resettlement                  | ▲                                 |                   |                                     |                       |                                     |                         |                                  | Economy/Transport     | Urbanized area | Commerce, industry and tourism/congested traffic, limited parking space |                    |  |
| 2 Economic activity             | ▲                                 | ▲                 |                                     |                       | ▲                                   |                         |                                  |                       |                |   |                    |  |
| 3 Traffic and public facilities | ▲                                 | ▲                 |                                     |                       | ▲                                   |                         |                                  |                       |                |   |                    |  |
| 4 Split of communities          | ▲                                 | ▲                 |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 5 Cultural property             | ▲                                 |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 6 Water rights/Rights of common |                                   |                   |                                     |                       |                                     |                         |                                  | Natural Environment   |                |   |                    |  |
| 7 Public health condition       |                                   |                   |                                     |                       |                                     |                         |                                  | Topography/Geography  |                | Flat land and mountainous area  |                    |  |
| 8 Waste                         | ▲                                 |                   |                                     |                       |                                     |                         |                                  | Coast and Marine Zone |                | Sandy beach   |                    |  |
| 9 Hazards(Risk)                 |                                   |                   |                                     |                       |                                     | ▲                       |                                  |                       |                |   |                    |  |
| 10 Topography and geology       |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 11 Soil erosion                 |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 12 Ground water                 |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 13 Hydrological situation       |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 14 Coastal zone                 | ▲                                 |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 15 Fauna and flora              | ▲                                 |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 16 Meteorology                  |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 17 Landscape                    | ▲                                 |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 18 Air pollution                |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 19 Water pollution              | ▲                                 |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 20 Soil contamination           |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 21 Noise and Vibration          | ▲                                 | ▲                 |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 22 Land subsidence              | ▲                                 |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |
| 23 Offensive odor               |                                   |                   |                                     |                       |                                     |                         |                                  |                       |                |   |                    |  |

Note: ●: The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲: The environment items which may give a significant impact depending on the scale of project and site conditions.  
 No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.

---

|                                     |  |
|-------------------------------------|--|
| <b>Name of Project</b>              | <b>Hillside tourism complex development near Parroquia de Guadalupe</b>  |
| <b>Project code</b>                 | <b>PTR PVR-5</b>   |
| <b>Location:</b>                    | Puerto Vallarta municipality, Jalisco  |
| <b>Objectives:</b>                  | <ul style="list-style-type: none"> <li>- To provide Puerto Vallarta with a new tourism attraction</li> <li>- To create a tourism facility to enhance attractiveness of Puerto Vallarta</li> </ul>  |
| <b>Rationale and scope:</b>         | <p>Tourism products of Puerto Vallarta and its surrounding areas are relatively poor. It is necessary not only to diversify tourism products, but also to refine the existing tourism products.</p> <p>Puerto Vallarta's town area is surrounded by hills, which command fine views of the Banderas bay and Puerto Vallarta's town areas, as well as of the sunset toward the Pacific ocean. One of the methods to improve tourism attractions in Puerto Vallarta is to utilize the views from hillsides.</p> <p>The proposed site of the view deck is at a hillside close to Parroquia de Guadalupe.</p> <p>The project is composed of the following components:</p> <ul style="list-style-type: none"> <li>- Preparation of a master plan of hillside development</li> <li>- View decks and information signboards</li> <li>- Site preparation for shops and restaurants, in which visitors can have shopping and meals while enjoying views.</li> <li>- Parking lots</li> <li>- Pay toilets</li> <li>- Walkways, which form a pedestrian network at the hillside</li> </ul> |
| <b>Executing body:</b>              | Puerto Vallarta municipality, private sector   |
| <b>Private sector participation</b> | In the surrounding area of the view deck, it is expected that the private sector should provide tourism facilities, such as restaurants and shops.   |
| <b>Schedule:</b>                    | To be implemented by 2002  |
| <b>Related projects:</b>            | PTR PVR-1 and 6  |
| <b>Project cost:</b>                | \$ 3,750,000, (US\$ 500,000)   |
| <b>Financial sources:</b>           | Municipality   |
| <b>Implementation arrangements:</b> | A master plan and design to be worked out by the Municipality  |
| <b>Environmental consideration:</b> | See IEE form   |

---

No PTR PVR-5 Hillside tourism complex development near Parroquia de Guadalupe

| Scoping                         | Site Description  |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
|---------------------------------|-------------------|------------------------|-------------------|-----------------------|-------------------------------------|-------------------------|----------------------------------|-----------------------|---------------------------------------|------------------|--------------------|--|
|                                 | Before operation  |                        |                   |                       |                                     | After operation         |                                  |                       |                                       |                  | Social Environment |  |
|                                 | Spatial Occupancy | Operation of Equipment | Spatial Occupancy | Operation of Vehicles | Operation of Trains/Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants           | Land Use                              | Small population |                    |  |
| 1 Resettlement                  |                   |                        |                   |                       |                                     |                         |                                  | Economy/Transport     | Tourism / road transport              |                  |                    |  |
| 2 Economic activity             |                   |                        | ▲                 |                       |                                     | ▲                       | ▲                                |                       |                                       |                  |                    |  |
| 3 Traffic and public facilities |                   |                        |                   |                       |                                     | ▲                       | ▲                                |                       |                                       |                  |                    |  |
| 4 Spill of communities          |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 5 Cultural property             |                   |                        |                   |                       |                                     |                         |                                  | Natural Environment   |                                       |                  |                    |  |
| 6 Water rights/Rights of common |                   |                        |                   |                       |                                     |                         |                                  | Topography/Geography  | Hilly land                            |                  |                    |  |
| 7 Public health condition       |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 8 Waste                         |                   |                        |                   |                       |                                     |                         | ▲                                | Coast and Marine Zone | None                                  |                  |                    |  |
| 9 Hazards(Risk)                 |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 10 Topography and geology       | ▲                 |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 11 Soil erosion                 | ▲                 |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 12 Ground water                 |                   |                        |                   |                       |                                     |                         |                                  | Flora & Fauna         | Neo-tropical secondary forests/ birds |                  |                    |  |
| 13 Hydrological situation       |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 14 Coastal zone                 |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 15 Fauna and flora              | ●                 |                        |                   |                       |                                     |                         | ▲                                | Complaints            | None                                  |                  |                    |  |
| 16 Meteorology                  |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 17 Landscape                    | ▲                 |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 18 Air pollution                |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 19 Water pollution              | ▲                 |                        |                   |                       |                                     |                         |                                  | Measures taken        | None                                  |                  |                    |  |
| 20 Soil contamination           |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 21 Noise and Vibration          |                   |                        |                   |                       |                                     |                         | ▲                                |                       |                                       |                  |                    |  |
| 22 Land subsidence              |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |
| 23 Offensive odor               |                   |                        |                   |                       |                                     |                         |                                  |                       |                                       |                  |                    |  |

Note: ●: The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲: The environment items which may give a significant impact depending on the scale of project and site conditions.

No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.

|                                      |   |
|--------------------------------------|---|
| <b>Name of Project</b>               | <b>Puerto Vallarta convention center development</b>  |
| <b>Project code</b>                  | <b>PTR PVR-8</b>  |
| <b>Location:</b>                     | Puerto Vallarta municipality, Jalisco   |
| <b>Objectives:</b>                   | <ul style="list-style-type: none"> <li>- To strengthen urban function by developing a convention center</li> <li>- To increase the volume of visitors by attracting conventions</li> </ul>  |
| <b>Rationale and scope:</b>          | <p>For further growth of visitor arrivals, Puerto Vallarta needs to attract new types of visitors. Puerto Vallarta has an advantage because it is close to large domestic markets, and to the west coasts of USA. It is possible for Puerto Vallarta to have a convention center, because it has accumulated substantial urban functions enough to support conventions.</p> <p>convention and incentives</p> <p>At present, Puerto Vallarta is in the transient process from the growth stage to the mature stage of the resort life cycle model. It is time for Puerto Vallarta to make efforts at developing a convention center for attracting travels for conventions, seminars and incentives.</p> <p>The project includes the following components:</p> <ul style="list-style-type: none"> <li>- Main convention hall</li> <li>- Audio visual room with 300 seats</li> <li>- Parking lots and gardens</li> <li>- A multi-purpose open space for gallery and special events</li> </ul> |
| <b>Executing body:</b>               | State government, Puerto Vallarta municipality, Private sector  |
| <b>Private sector participation:</b> | The major part of the project should be implemented by the private sector.  |
| <b>Schedule:</b>                     | To be implemented by 2002   |
| <b>Related projects:</b>             | PTR PVR-1, 2, 3, 4, 5, 6, 7 and 9, PTR PGN-1 and 2, and PTR NYR-3, 4 and 9  |
| <b>Project cost:</b>                 | \$ 111,500,000, (US\$ 14,867,000)   |
| <b>Financial sources:</b>            | State government, private sector  |
| <b>Implementation arrangements:</b>  | <p>A convention bureau should be established in the municipal government for promoting and managing conventions.</p> <p>Cooperation from Nuevo Vallarta</p>   |
| <b>Environmental consideration:</b>  | See IEE form  |

No PTR PVR-8 Puerto Vallarta convention center development

| Scoping                         | Site Description  |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
|---------------------------------|-------------------|-------------------------------------|-------------------|-----------------------|-------------------------------------|-------------------------|----------------------------------|-----------------------|---|-------------------------|--------------------|--|
|                                 | Before operation  |                                     |                   |                       |                                     | After operation         |                                  |                       |   |                         | Social Environment |  |
|                                 | Spatial Occupancy | Operation of Construction Equipment | Spatial Occupancy | Operation of Vehicles | Operation of Trains/Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants           | Land Use  | High population density |                    |  |
| 1 Resettlement                  |                   | ▲                                   |                   |                       |                                     |                         |                                  | Economy/Transport     | Commerce, industry and tourism/congested traffic, limited parking space |                         |                    |  |
| 2 Economic activity             | ▲                 | ▲                                   | ▲                 |                       |                                     | ▲                       |                                  | Land Use              | Urbanized area  |                         |                    |  |
| 3 Traffic and public facilities | ▲                 | ▲                                   | ▲                 |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 4 Spill of communities          |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 5 Cultural property             |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 6 Water rights/Rights of common |                   |                                     |                   |                       |                                     |                         |                                  | Natural Environment   | Flat land and mountainous area  |                         |                    |  |
| 7 Public health condition       |                   |                                     |                   |                       |                                     |                         |                                  | Topography/Geography  |   |                         |                    |  |
| 8 Waste                         | ▲                 |                                     |                   |                       |                                     | ▲                       |                                  | Coast and Marine Zone | Sandy beach   |                         |                    |  |
| 9 Hazards(Risk)                 |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 10 Topography and geology       |                   |                                     |                   |                       |                                     |                         |                                  | Flora & Fauna         | None  |                         |                    |  |
| 11 Soil erosion                 |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 12 Ground water                 |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 13 Hyctrological situation      | ▲                 |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 14 Coastal zone                 |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 15 Fauna and flora              |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 16 Meteorology                  |                   |                                     |                   |                       |                                     |                         |                                  | Pollution             |   |                         |                    |  |
| 17 Landscape                    | ▲                 |                                     |                   |                       |                                     | ▲                       |                                  | Complaints            | None  |                         |                    |  |
| 18 Air pollution                |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 19 Water pollution              | ▲                 |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 20 Soil contamination           | ▲                 |                                     |                   |                       |                                     |                         |                                  | Measures taken        |   |                         |                    |  |
| 21 Noise and Vibration          | ▲                 |                                     |                   |                       |                                     | ▲                       |                                  |                       |   |                         |                    |  |
| 22 Land subsidence              |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 23 Offensive odor               |                   |                                     |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |

Note: ● The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲ The environment items which may give a significant impact depending on the scale of project and site conditions.  
 No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.

---

|                                      |   |
|--------------------------------------|---|
| <b>Name of Project</b>               | <b>Development of Mexican Village in Guadalajara</b>  |
| <b>Project code</b>                  | <b>PTR GDL-1</b>  |
| <b>Location:</b>                     | Metropolitan area of Guadalajara, Jalisco   |
| <b>Objectives:</b>                   | <ul style="list-style-type: none"> <li>- To diversify tourism products of the region</li> <li>- To provide a recreation facility for local people, as well as for international tourists</li> </ul>   |
| <b>Rationale and scope:</b>          | <p>In order to supplement tourism products in Puerto Vallarta, it is strategically necessary to integrate Puerto Vallarta's beach resorts and inland Mestizo Mexican cultural attractions in the corridor between Puerto Vallarta and Guadalajara. One way to pursue this objective is to develop a theme park, such as "Mestizo Mexican village" in Guadalajara.</p> <p>This type of cultural theme parks can attract not only international tourists, but also domestic tourists. In fact, Guadalajara has a advantage in that Guadalajara itself has a large urban population of more than 3 million, and there are many medium-size cities in its surrounding areas. In addition, the theme park in Guadalajara could attract visitors touring from Puerto Vallarta's beach resorts.</p> <p>The park should have the following components:</p> <ul style="list-style-type: none"> <li>- Reproduced villages featuring the Mestizo Mexican culture,</li> <li>- An auditorium to show Mestizo Mexican folklore,</li> <li>- An exhibition hall to show the background of the culture,</li> <li>- Restaurants and souvenir shops, parking lots, and so on.</li> </ul> |
| <b>Executing body:</b>               | State government, municipality, the private sector  |
| <b>Private sector participation:</b> | Private investors should be invited to participate in development of the theme park.  |
| <b>Schedule:</b>                     | To be implemented by 2002   |
| <b>Related projects:</b>             |   |
| <b>Project cost:</b>                 | \$ 34,000,000, (US\$ 4,533,000)   |
| <b>Financial sources:</b>            | State government, private sector  |
| <b>Implementation arrangements:</b>  | The state government should take strong initiatives in formulating ideas of the theme park for attracting private investments.  |
| <b>Environmental consideration:</b>  | See IEE form  |

---

No PTR GDL-1 Development of Mexican Village in Guadalahara

| Scoping                         | Site Description  |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
|---------------------------------|-------------------|------------------------|-------------------|-----------------------|-------------------------------------|-------------------------|----------------------------------|-----------------------|---|-------------------------|--------------------|--|
|                                 | Before operation  |                        |                   |                       |                                     | After operation         |                                  |                       |   |                         | Social Environment |  |
|                                 | Spatial Occupancy | Operation of Equipment | Spatial Occupancy | Operation of Vehicles | Operation of Trains/Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants           | Land Use  | High population density |                    |  |
| 1 Resettlement                  |                   |                        |                   |                       |                                     |                         |                                  | Economy/Transport     | Commerce, industry and tourism/congested traffic, limited parking space |                         |                    |  |
| 2 Economic activity             | ▲                 | ▲                      |                   |                       |                                     | ▲                       | ▲                                | Natural Environment   | Urbanized area  |                         |                    |  |
| 3 Traffic and public facilities | ▲                 | ▲                      | ▲                 |                       |                                     | ▲                       | ▲                                |                       |   |                         |                    |  |
| 4 Split of communities          |                   |                        |                   |                       |                                     |                         |                                  | Topography/Geography  | Flat land and mountainous area  |                         |                    |  |
| 5 Cultural property             |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 6 Water rights/Rights of common |                   |                        |                   |                       |                                     |                         |                                  | Coast and Marine Zone | Sandy beach   |                         |                    |  |
| 7 Public health condition       |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 8 Waste                         | ▲                 |                        |                   |                       |                                     |                         | ▲                                | Flora & Fauna         | None  |                         |                    |  |
| 9 Hazards(Risk)                 |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 10 Topography and geology       |                   |                        |                   |                       |                                     |                         |                                  | Pollution             | Complaints  | None                    |                    |  |
| 11 Soil erosion                 |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 12 Ground water                 |                   |                        |                   |                       |                                     |                         |                                  | Measures taken        |   |                         |                    |  |
| 13 Hydrological situation       | ▲                 |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 14 Coastal zone                 |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 15 Fauna and flora              |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 16 Meteorology                  |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 17 Landscape                    | ▲                 |                        |                   |                       |                                     |                         | ▲                                |                       |   |                         |                    |  |
| 18 Air pollution                |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 19 Water pollution              | ▲                 |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 20 Soil contamination           | ▲                 |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 21 Noise and Vibration          | ▲                 |                        |                   |                       |                                     |                         | ▲                                |                       |   |                         |                    |  |
| 22 Land subsidence              |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |
| 23 Offensive odor               |                   |                        |                   |                       |                                     |                         |                                  |                       |   |                         |                    |  |

Note: ● The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲ The environmental items which may give a significant impact depending on the scale of project and site conditions.  
 No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.



|                                      |  |
|--------------------------------------|--|
| <b>Name of Project</b>               | <b>Tourism amenity improvement of Tequila town</b>   |
| <b>Project code</b>                  | <b>PTR PGN-2</b>   |
| <b>Location:</b>                     | Tequila municipality, Jalisco  |
| <b>Objectives:</b>                   | <ul style="list-style-type: none"> <li>- To attract more tourists to Tequila town</li> <li>- To create an attractive stop-over in the Puerto Vallarta-Guadalajara corridor</li> </ul>  |
| <b>Rationale and scope:</b>          | <p>In order to supplement tourism products in Puerto Vallarta, it is strategically necessary to integrate Puerto Vallarta's beach resorts and inland Mestizo Mexican cultural attractions in the corridor between Puerto Vallarta and Guadalajara. One way to pursue this objective is to improve tourism amenity of the existing tourism attractions, such as Tequila town.</p> <p>Tequila town is the place where Tequila spirits were originated.. Tequila spirits is a strong Mexican spirits , which is very popular not only in Mexico, but also internationally. Even now, there are many factories producing Tequila spirits in the town. Some of the factories accept tourists in exhibition routes to show the production process of Tequila.</p> <p>In order to increase visitor arrivals to Tequila town, it is necessary to improve tourism amenity by a variety of ways.</p> <p>The project includes the following components:</p> <ul style="list-style-type: none"> <li>- Beautification of Tequila town ,</li> <li>- Tourism amenity improvement by providing sign boards, information boards, landscaping and pedestrian walks,</li> <li>- Establishment of an information shops, and</li> <li>- Site preparation for souvenir shops, and restaurants</li> </ul> |
| <b>Executing body:</b>               | Tequila municipality, the private sector   |
| <b>Private sector participation:</b> | Participation of the private sector such as Tequila producers is essential for this project.   |
| <b>Schedule:</b>                     | To be implemented by 2002  |
| <b>Related projects:</b>             | PTR PGN-1 and 3, and PTR NVR-3 and 4   |
| <b>Project cost:</b>                 | \$ 4,900,000, (US\$ 653,000)   |
| <b>Financial sources:</b>            | Municipality   |
| <b>Implementation arrangements:</b>  | The state government should encourage Tequila factory owners and citizens to participate in planning and implementation of the project.  |
| <b>Environmental consideration:</b>  | See IEE form   |

No PTR PGN-2 Tourism amenity improvement of Tequila town

| Scoping                         | Site Description                  |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
|---------------------------------|-----------------------------------|-------------------------------------|-------------------|-----------------------|---------------------|-----------------|-------------------------|----------------------------------|-------------|---------------------------|--------------------|--|
|                                 | Before operation                  |                                     |                   |                       |                     | After operation |                         |                                  |             |                           | Social Environment |  |
|                                 | Reclamation and Spatial Occupancy | Operation of Construction Equipment | Spatial Occupancy | Operation of Vehicles | Operation of Trains | Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants | Medium population density |                    |  |
| 1 Resettlement                  |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 2 Economic activity             | ▲                                 |                                     | ▲                 |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 3 Traffic and public facilities | ▲                                 | ▲                                   | ▲                 |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 4 Split of communities          |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 5 Cultural property             |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 6 Water rights/Rights of common |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 7 Public health condition       |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 8 Waste                         |                                   |                                     |                   |                       |                     |                 | ▲                       | ▲                                |             |                           |                    |  |
| 9 Hazards(Risk)                 |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 10 Topography and geology       |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 11 Soil erosion                 |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 12 Ground water                 |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 13 Hydrological situation       |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 14 Coastal zone                 |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 15 Fauna and flora              |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 16 Meteorology                  |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 17 Landscape                    | ▲                                 |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 18 Air pollution                |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 19 Water pollution              |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 20 Soil contamination           |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 21 Noise and Vibration          |                                   | ▲                                   |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 22 Land subsidence              |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |
| 23 Offensive odor               |                                   |                                     |                   |                       |                     |                 |                         |                                  |             |                           |                    |  |

Note: ●: The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲: The environmental items which may give a significant impact depending on the scale of project and site conditions.  
 No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.

---

|                                      |  |
|--------------------------------------|--|
| <b>Name of Project</b>               | <b>Conservation and tourism amenity improvement of the three traditional villages of San Sebastian, Mascota, and Talpa</b>   |
| <b>Project code</b>                  | <b>PTR PGS-1</b>   |
| <b>Location:</b>                     | Municipal areas of San Sebastian del Oeste, Mascota and Talpa del Allende, Jalisco   |
| <b>Objectives:</b>                   | <ul style="list-style-type: none"> <li>- To conserve the quality of the three traditional villages</li> <li>- To improve tourism amenity in the three villages</li> <li>- To develop village economy</li> </ul>  |
| <b>Rationale and scope:</b>          | <p>In order to accelerate the growth of tourism arrivals to Puerto Vallarta, it is necessary to provide diversified tourism products within one-day trip areas from Puerto Vallarta, because Puerto Vallarta itself has limited tourism products besides beaches and the old town. Fortunately, there are Mestizo Mexican tourism resources in the surrounding areas of Puerto Vallarta.</p> <p>It is recommended to develop tourism products based on traditional villages of San Sebastian, Mascota and Talpa not only to attract one-day trips from Puerto Vallarta, but also to attract regional tourists to these villages on the way between Puerto Vallarta and Guadalajara.</p> <p>These villages still retain the ambiance of old countryside villages. This precious ambiance should be conserved and wisely utilized for tourism.</p> <p>For this purpose, it is necessary to take the following measures.</p> <ul style="list-style-type: none"> <li>- Beautification of the village-scape, as well as buildings, and</li> <li>- Development of car parking lots outside the village centers.</li> </ul> |
| <b>Executing body:</b>               | State government, municipalities of San Sebastian de Oeste, Mascota, and Talpa del Allende   |
| <b>Private sector participation:</b> | The residents of the villages should be encouraged to participate in the project.  |
| <b>Schedule:</b>                     | To be implemented by 2002  |
| <b>Related projects:</b>             | PTR PGS-4  |
| <b>Project cost:</b>                 | \$ 69,510,000, (US\$ 9,268,000)  |
| <b>Financial sources:</b>            | Each of municipal government   |
| <b>Projects evaluation:</b>          | The village, despite the huge potential of cultural tourism, has a small number of visitors by air access at present. The project shall help the regional development attracting more visitors to the village.   |
| <b>Implementation arrangements:</b>  | “Road improvement of Puerto Vallarta-Mascota (PTR PGS- 4)” is the prerequisite of this project.  |
| <b>Environmental consideration:</b>  | See IEE form   |

---

No PTR PGS-1 Road improvement of the section of Puerto Vallarta-Mascota

| Scoping                         | Site Description  |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
|---------------------------------|-------------------|------------------------------|------------------------|-------------------|-----------------------|-------------------------------------|-------------------------|----------------------------------|-------------|----------|--------------------|--|
|                                 | Before operation  |                              |                        |                   |                       | After operation                     |                         |                                  |             |          | Social Environment |  |
|                                 | Spatial Occupancy | Reclamation and Construction | Operation of Equipment | Spatial Occupancy | Operation of Vehicles | Operation of Trains/Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants | Land Use | Environment        | Other                                  |
| 1 Resettlement                  |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    | Low population density in rural areas  |
| 2 Economic activity             |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    | Forest area                            |
| 3 Traffic and public facilities | ▲                 |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    | Economy/Transport                      |
| 4 Split of communities          |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    | Agriculture and tourism/ unpaved roads |
| 5 Cultural property             |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 6 Water rights/Rights of common |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 7 Public health condition       |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 8 Waste                         |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 9 Hazards(Risk)                 | ▲                 |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 10 Topography and geology       | ▲                 |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 11 Soil erosion                 | ▲                 |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 12 Ground water                 |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 13 Hydrological situation       | ▲                 |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 14 Coastal zone                 |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 15 Fauna and flora              | ▲                 |                              |                        |                   | ▲                     |                                     |                         |                                  |             |          |                    |  |
| 16 Meteorology                  |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 17 Landscape                    |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 18 Air pollution                |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 19 Water pollution              | ▲                 |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 20 Soil contamination           |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 21 Noise and Vibration          |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 22 Land subsidence              |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |
| 23 Offensive odor               |                   |                              |                        |                   |                       |                                     |                         |                                  |             |          |                    |  |

Note: ● The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲: The environmental items which may give a significant impact depending on the scale of project and site conditions.  
 No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.

|                                      |  |
|--------------------------------------|--|
| <b>Name of Project</b>               | <b>Road improvement of the section of Puerto Vallarta-Mascota</b>  |
| <b>Project code</b>                  | <b>PTR PGS-2</b>   |
| <b>Location:</b>                     | Municipal areas of Puerto Vallarta, San Sebastian del Oeste and Mascota, Jalisco   |
| <b>Objectives:</b>                   | <ul style="list-style-type: none"> <li>- To encourage regional development of countryside along the road</li> <li>- To promote tourism of inland traditional villages</li> </ul>   |
| <b>Rationale and scope:</b>          | <p>To accelerate the growth of tourism arrivals to Puerto Vallarta, it is necessary to provide diversified tourism products within one-day trip areas from Puerto Vallarta, because Puerto Vallarta itself has limited tourism products besides beaches and its old town. Fortunately, there are Mestizo Mexican tourism resources in the surrounding areas of Puerto Vallarta.</p> <p>Development of tourism products based on traditional villages of San Sebastian, Mascota and Talpa is one of the alternatives in this direction. Since the tourism development in these villages not is expected only to attract one-day trips from Puerto Vallarta, but also to attract regional tourists to these villages on the way between Puerto Vallarta and Guadalajara. So road improvement is essential for this purpose.</p> <p>In addition, village economy depends on timber and agricultural products, such as coffee and fruits. Chickens for cock fighting are also raised to export to other states. However, the road is closed in the rainy season so that the areas are isolated from Puerto Vallarta. Implementation of the project is expected to stabilize the trading channels of village produce to Puerto Vallarta, as well as visitor arrivals to the areas from Puerto Vallarta.</p> <p>There are municipal areas along the road in Sierra Loma Blanca. The road between Puerto Vallarta and Mascota village is in very bad conditions, and tend to be closed in the rainy season. The project has the following components:</p> <ul style="list-style-type: none"> <li>- Puerto Vallarta (Las Juntas)-Las Palmas (27 km); asphalt concrete pavement on the existing road,</li> <li>- Las Palmas-Las Mesitas (27 km), improvement of the existing road to paved road with asphalt concrete,</li> <li>- Las Mesitas-Mascota (35 km), asphalt concrete pavement on the existing road.</li> </ul> |
| <b>Executing body:</b>               | Secretary of Communications and Transport (SCT), Jalisco state   |
| <b>Private sector participation:</b> |  |
| <b>Schedule:</b>                     | To be implemented by 2000  |
| <b>Related projects:</b>             | PTR PGS-1, 2, 3 and 4  |
| <b>Project cost:</b>                 | \$ 174,600,000, (US\$ 23,280,000)  |
| <b>Financial sources:</b>            | State government, SCT  |
| <b>Implementation arrangements:</b>  | Necessary coordination with SCT by the state as well as SECTUR under the Executive Tourism Cabinet   |
| <b>Environmental consideration:</b>  | See IEE form   |

No PTR PGS-1 Road improvement of the section of Puerto Vallarta-Mascota

| Scoping                         | Site Description                  |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
|---------------------------------|-----------------------------------|-------------------------------------|-------------------|-----------------------|-------------------------------------|-------------------------|----------------------------------|---------------------|----------------------|--|--------------------|--|
|                                 | Before operation                  |                                     |                   |                       |                                     | After operation         |                                  |                     |                      |  | Social Environment |  |
|                                 | Reclamation and Spatial Occupancy | Operation of Construction Equipment | Spatial Occupancy | Operation of Vehicles | Operation of Trains/Airplanes/Ships | Operation of Facilities | Accumulation of People and Goods | Inhabitants         | Land Use             | Low population density in rural areas  |                    |  |
| 1 Resettlement                  |                                   |                                     |                   |                       |                                     |                         |                                  | Economy/Transport   | Forest area          | Agriculture and tourism/ unpaved roads |                    |  |
| 2 Economic activity             | ▲                                 |                                     |                   |                       |                                     |                         |                                  | Natural Environment |                      |  |                    |  |
| 3 Traffic and public facilities |                                   |                                     |                   |                       |                                     |                         |                                  |                     | Topography/Geography |  |                    |  |
| 4 Spill of communities          |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 5 Cultural property             |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 6 Water rights/Rights of common |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 7 Public health condition       |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 8 Waste                         |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 9 Hazards(Risk)                 | ▲                                 | ▲                                   |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 10 Topography and geology       | ▲                                 |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 11 Soil erosion                 | ▲                                 |                                     | ▲                 |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 12 Ground water                 |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 13 Hydrological situation       | ▲                                 |                                     | ▲                 |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 14 Coastal zone                 |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 15 Fauna and flora              | ▲                                 |                                     | ▲                 | ▲                     |                                     |                         |                                  |                     |                      |  |                    |  |
| 16 Meteorology                  |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 17 Landscape                    |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 18 Air pollution                |                                   |                                     |                   | ▲                     |                                     |                         |                                  |                     |                      |  |                    |  |
| 19 Water pollution              | ▲                                 |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 20 Soil contamination           |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 21 Noise and Vibration          |                                   |                                     |                   | ▲                     |                                     |                         |                                  |                     |                      |  |                    |  |
| 22 Land subsidence              |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |
| 23 Offensive odor               |                                   |                                     |                   |                       |                                     |                         |                                  |                     |                      |  |                    |  |

Note: ● The environmental items to which special attention has to be paid. They might cause serious impacts that may affect the project formulation depending on the magnitude of the impacts and the possibility of the measure. ▲ The environmental items which may give a significant impact depending on the scale of project and site conditions.  
 No mark: The environmental items which require no important assessment since the anticipated impacts are not significant in general.

#### 4.5.2. Projects to be implemented by 2010

##### (1) Tourism promotion and institutional programs

Table 4. 12 summarizes the costs of tourism promotion and institutional programs to be implemented by 2010 including action projects. Table 4. 13 details the tourism promotion programs.

**Table 4. 12 Summary of tourism promotion projects by type**

| Types of Projects                         | Units | Short term | Medium term | Long term | Total     |
|---|-------|------------|-------------|-----------|-----------|
|   |       | 1997-2000  | 2001-2005   | 2006-2010 | 1997-2010 |
| Publicity (preparation of materials)      | Peso  | 3,819      | 11,157      | 7,564     | 22,540    |
|   | US\$  | 509        | 1,488       | 1,009     | 3,005     |
| Advertisement                             | Peso  | 91,808     | 153,015     | 153,015   | 397,838   |
|   | US\$  | 12,241     | 20,402      | 20,402    | 53,045    |
| PR activities                             | Peso  | 15,595     | 25,992      | 25,992    | 67,579    |
|   | US\$  | 2,079      | 3,466       | 3,466     | 9,011     |
| Approach to trade sector                  | Peso  | 20,096     | 34,902      | 34,902    | 89,900    |
|   | US\$  | 2,679      | 4,654       | 4,654     | 11,987    |
| Approach to consumers                     | Peso  | 5,722      | 14,169      | 14,169    | 34,060    |
|   | US\$  | 763        | 1,889       | 1,889     | 4,541     |
| Campaign and events                       | Peso  | 4,325      | 4,813       | 4,813     | 13,951    |
|   | US\$  | 577        | 642         | 642       | 1,860     |
| Institutional and organizational programs | Peso  | 1,800      | 1,800       | 2,700     | 6,300     |
|   | US\$  | 240        | 240         | 360       | 840       |
| Total                                     | Peso  | 143,165    | 245,848     | 243,155   | 632,168   |
|   | US\$  | 19,089     | 32,780      | 32,421    | 84,289    |

Note: Upper line is in 1,000 Pesos, Lower line is 1,000 US\$

Source: JICA study team

**Table 4. 13 Tourism promotion projects in Puerto Vallarta tourism region**

| Project Name                          | Implementation-bodies              | Cost          |                |                |                |                |
|---------------------------------------|------------------------------------|---------------|----------------|----------------|----------------|----------------|
|                                       |                                    | (US\$1,000)   | (1,000 Pesos)  | US\$=7.5 Pesos |                |                |
| <b>Production of promotional tool</b> |                                    |               |                |                |                |                |
| Image-oriented brochure               | Fondo Mixto                        | 373           | 2,800          | 467            | 1,400          | 933            |
| Information-oriented brochure         | (ditto)                            | 373           | 2,800          | 467            | 1,400          | 933            |
| Poster                                | (ditto)                            | 252           | 1,890          | 315            | 945            | 630            |
| Map                                   | (ditto)                            | 700           | 5,250          | 875            | 2,625          | 1,750          |
| Manual for travel trade               | (ditto)                            | 933           | 7,000          | 1,167          | 3,500          | 2,333          |
| Graphic Media (1)                     | (ditto)                            | 243           | 1,820          | 303            | 910            | 607            |
| Graphic Media (2)                     | (ditto)                            | 131           | 980            | 226            | 377            | 377            |
| <b>Advertisement</b>                  |                                    |               |                |                |                |                |
| TV                                    | (ditto)                            | 21,504        | 161,280        | 37,218         | 62,031         | 62,031         |
| Radio                                 | SECTUR, Fondo Mixto                | 9,800         | 73,500         | 16,962         | 28,269         | 28,269         |
| Newspaper (1)                         | Fondo Mixto                        | 945           | 7,087          | 1,635          | 2,726          | 2,726          |
| Newspaper (2)                         | (ditto)                            | 7,580         | 56,851         | 13,119         | 21,866         | 21,866         |
| Magazines (1)                         | (ditto)                            | 1,568         | 11,760         | 2,714          | 4,523          | 4,523          |
| Magazines (2)                         | (ditto)                            | 11,648        | 87,360         | 20,160         | 33,600         | 33,600         |
| <b>PR activity</b>                    |                                    |               |                |                |                |                |
| Cooperation to Journalist             | State, Fondo Mixto, Hotel, etc.    | 173           | 1,300          | 300            | 500            | 500            |
| Familiarization trip                  | State, Fondo Mixto, Airline, Hotel | 6,983         | 52,370         | 12,085         | 20,142         | 20,142         |
| Press Release                         | Fondo Mixto                        | 224           | 1,680          | 388            | 646            | 646            |
| Cooperation to Shooting Crews         | State, Fondo Mixto, Hotel, etc.    | 1,631         | 12,230         | 2,822          | 4,704          | 4,704          |
| <b>Approach to trade sector</b>       |                                    |               |                |                |                |                |
| Seminar/Presentation                  | Fondo Mixto                        | 3,270         | 24,527         | 5,660          | 9,433          | 9,433          |
| Familiarization trip for trade sector | State, Fondo Mixto, Airline, Hotel | 6,243         | 46,826         | 10,806         | 18,010         | 18,010         |
| Travel trade show                     | Fondo Mixto                        | 1,121         | 8,408          | 1,940          | 3,234          | 3,234          |
| Joint Campaign                        | (ditto)                            | 867           | 6,500          | 1,083          | 2,708          | 2,708          |
| Travel Trade Mart (Organizing)        | (ditto)                            | 485           | 3,640          | 607            | 1,517          | 1,517          |
| <b>Approach to Consumers</b>          |                                    |               |                |                |                |                |
| Travel Week                           | (ditto)                            | 4,274         | 32,058         | 5,343          | 13,358         | 13,358         |
| Approach to special interest group    | (ditto)                            | 93            | 700            | 162            | 269            | 269            |
| Promotion of International exchange   | (ditto)                            | 173           | 1,300          | 217            | 542            | 542            |
| <b>Campaign and Events</b>            |                                    |               |                |                |                |                |
| Visit Year                            | State & Municipal, etc.            | 1,600         | 12,000         | 4,000          | 4,000          | 4,000          |
| Photo contest                         | (ditto)                            | 260           | 1,950          | 325            | 813            | 813            |
| <b>Institutional program</b>          |                                    |               |                |                |                |                |
| Visitor arrival survey                |                                    | 840           | 6,300          | 1,800          | 1,800          | 2,700          |
| <b>Total</b>                          |                                    | <b>84,289</b> | <b>632,167</b> | <b>143,166</b> | <b>245,847</b> | <b>243,154</b> |

Source: JICA study team



(2) **Tourism development projects**

Proposed projects at the Level-1 and Level-2 areas are summarized by type and category with code numbers and costs in Table 4. 14. Rest of the projects are listed in from Table 4. 15 to Table 4. 19.

**Table 4. 14 Summary of development projects at Level-1 and 2**

| Types of Projects         | Units | Short term | Medium term | Long term | Total      |
|---------------------------|-------|------------|-------------|-----------|------------|
|                           |       | 1997-2000  | 2001-2005   | 2006-2010 | 1997-2010  |
| <b>Category-A</b>         |       |            |             |           |            |
| Tourism attraction        | Peso  | 28,347     | 112,838     | 58,400    | 199,585    |
|                           | US\$  | 3,780      | 15,045      | 7,787     | 26,611     |
| Environmental & Social    | Peso  | 700        | 6,560       | 3,500     | 10,760     |
|                           | US\$  | 93         | 875         | 467       | 1,435      |
| Tourism facilities        | Peso  | 112,400    | 453,150     | 200,750   | 766,300    |
|                           | US\$  | 14,987     | 60,420      | 26,767    | 102,173    |
| Hotel accommodation       | Peso  | 721,730    | 3,229,430   | 3,098,840 | 7,050,000  |
|                           | US\$  | 96,231     | 430,591     | 413,179   | 940,000    |
| Land development          | Peso  | 0          | 0           | 0         | 0          |
|                           | US\$  | 0          | 0           | 0         | 0          |
| Transport (TRP-1)         | Peso  | 0          | 49,400      | 7,000     | 56,400     |
|                           | US\$  | 0          | 6,587       | 933       | 7,520      |
| Utility services (UTL-1)  | Peso  | 0          | 0           | 0         | 0          |
|                           | US\$  | 0          | 0           | 0         | 0          |
| Total of Category-A       | Peso  | 863,177    | 3,851,378   | 3,368,490 | 8,083,045  |
|                           | US\$  | 115,090    | 513,517     | 449,132   | 1,077,739  |
| <b>Category-B</b>         |       |            |             |           |            |
| Transport (TRP-2)         | Peso  | 335,100    | 3,776,085   | 1,295,100 | 5,406,285  |
|                           | US\$  | 44,680     | 503,478     | 172,680   | 720,838    |
| Utility services (UTL-2)  | Peso  | 153,260    | 3,698,707   | 115,000   | 3,966,967  |
|                           | US\$  | 20,435     | 493,161     | 15,333    | 528,929    |
| Total of Category-B       | Peso  | 488,360    | 7,474,792   | 1,410,100 | 9,373,252  |
|                           | US\$  | 65,115     | 996,639     | 188,013   | 1,249,767  |
| Total of Category-A and B | Peso  | 1,351,537  | 11,326,170  | 4,778,590 | 17,456,297 |
|                           | US\$  | 180,205    | 1,510,156   | 637,145   | 2,327,506  |

Note: Upper line is in 1,000 Pesos, Lower line is 1,000 US\$

Source: JICA study team

Table 4.15 List of tourism development projects in Puerto Vallarta tourism region (1/6)

| Region                                      | Project Code | Type    | Category | Project Name & Components   | Dev. Body | Operation body |         | US\$ (1,000) | Development Cost |           |           | Action Plan |           |  |
|---|--------------|---------|----------|---|-----------|----------------|---------|--------------|------------------|-----------|-----------|-------------|-----------|--|
|   |              |         |          |   |           | Public         | Private |              | Total            | 1996-2000 | 2001-2005 |             | 2006-2010 |  |
| <b>Puerto Vallarta Tourism Region (PTR)</b> |              |         |          |   |           |                |         |              |                  |           |           |             |           |  |
| <b>Puerto Vallarta tourism center (PVR)</b> |              |         |          |   |           |                |         |              |                  |           |           |             |           |  |
| PTR   | PVR - 1      | (1) ATR | A        | Conservation & urban beautification of Puerto Vallarta's historical district  | Mun.      |                |         | 2,909        | 21,815           | 10,907    | 10,908    | 0           | APPTR1    |  |
| PTR   | PVR - 1      | (1) ATR | A        | 1) Conservation and rehabilitation of historical buildings  |           |                |         | 2,727        | 20,453           | 10,226    | 10,227    | 0           |           |  |
| PTR   | PVR - 1      | (2) ATR | A        | 2) Provision of sign and explanation boards, schedule boards and information of bus services, and planting of flower trees. |           |                |         | 182          | 1,362            | 681       | 681       | 0           |           |  |
| PTR   | PVR - 2      | (1) ATR | A        | Improvement of Isla del Rio Cuale tourism market  | Mun.      |                |         | 3,811        | 28,580           | 1,630     | 26,950    | 0           |           |  |
| PTR   | PVR - 2      | (1) ATR | A        | 1) Land development with infrastructure   |           |                |         | 1,064        | 7,980            | 630       | 7,350     | 0           |           |  |
|   |              |         |          | - Amenity plaza development for weekend carnival  |           |                |         |              |                  |           |           |             |           |  |
|   |              |         |          | - Tropical landscape improvement  |           |                |         |              |                  |           |           |             |           |  |
|   |              |         |          | - Improvement of pedestrian bridges over Rio Cuale  |           |                |         |              |                  |           |           |             |           |  |
| PTR   | PVR - 2      | (2) TFC | A        | 2) Superstructure development   |           |                |         | 2,747        | 20,600           | 1,000     | 19,600    | 0           |           |  |
|   |              |         |          | - Indoor event hall development for live show   |           |                |         |              |                  |           |           |             |           |  |
|   |              |         |          | - Game pavilion development   |           |                |         |              |                  |           |           |             |           |  |
|   |              |         |          | - Showboat entertainment and jungle tour base improvement   |           |                |         |              |                  |           |           |             |           |  |
| PTR   | PVR - 3      | ATR     | A        | Market development, 1960 sq.m   | Mun.      |                |         | 453          | 3,400            | 0         | 0         | 3,400       |           |  |
| PTR   | PVR - 4      | (1) TRP | B        | Extension of Malecon to Los Muertes beach and beach beautification  | Mun.      |                |         |              | 13,835           | 0         | 13,835    | 0           |           |  |
| PTR   | PVR - 4      | (1) TRP | B        | 1) Underground parking area development in the downtown   |           |                |         |              | 9,505            | 0         | 9,505     | 0           |           |  |
| PTR   | PVR - 4      | (2) TRP | B        | 2) at Lazaro Cardenas with park complex at ground level (5,300 sq.m)  |           |                |         |              | 577              | 4,330     | 0         | 4,330       |           |  |
| PTR   | PVR - 5      | ATR     | A        | View deck development at hill side of Puerto Vallarta   | Mun.      |                |         | 500          | 3,750            | 0         | 3,750     | 0           | APPTR2    |  |
|   |              |         |          | - Construction of view deck for the downtown, sunset with view information boards, parking lots, sites for restaurants      |           |                |         |              |                  |           |           |             |           |  |
| PTR   | PVR - 6      | ENV     | A        | Municipal land development for ecotourism at Col. 5 de Diciembre  | Mun.      |                |         | 467          | 3,500            | 0         | 3,500     | 0           |           |  |
|   |              |         |          | - Botanical garden with bird and butterfly sanctuaries  |           |                |         |              |                  |           |           |             |           |  |
| PTR   | PVR - 7      | TFC     | A        | Museum complex in the Col. GPE, Victoria area close to the airport  | State     |                |         | 4,027        | 30,200           | 23,400    | 6,800     | 0           |           |  |
|   |              |         |          | - Cinema museum   |           |                |         |              | 6,800            | 0         | 6,800     | 0           |           |  |
|   |              |         |          | - Huichol village museum  |           |                |         |              | 3,400            | 3,400     | 0         | 0           |           |  |
| PTR   | PVR - 8      | TFC     | A        | Puerto Vallarta convention center development   | State     |                |         | 14,867       | 111,500          | 0         | 55,750    | 55,750      | APPTR3    |  |
|   |              |         |          | - Main convention hall  |           |                |         |              | 62,310           | 14,000    | 31,155    | 31,155      |           |  |
|   |              |         |          | - Audio visual room 300 seats   |           |                |         |              | 14,000           | 0         | 7,000     | 7,000       |           |  |
|   |              |         |          | - Parking area and garden   |           |                |         |              | 31,690           | 0         | 15,845    | 15,845      |           |  |
|   |              |         |          | - A multi purpose open space for gallery and special events   |           |                |         |              | 3,500            | 0         | 1,750     | 1,750       |           |  |
| PTR   | PVR - 9      | TFC     | A        | Commercial complex at the Cruiser terminal  | API       |                |         | 54,533       | 409,000          | 88,000    | 321,000   | 0           |           |  |
| PTR   | PVR - 9      | (1) ATR | A        | 1) Commercial complex   |           |                |         |              | 11,733           | 88,000    | 0         | 0           |           |  |
| PTR   | PVR - 9      | (2) ATR | A        | 2) Improvement of embarkation terminal  |           |                |         |              | 15,333           | 115,000   | 0         | 115,000     | 0         |  |
| PTR   | PVR - 9      | (3) ENV | A        | 3) Improvement of international cruiser terminal  |           |                |         |              | 27,467           | 206,000   | 0         | 206,000     | 0         |  |
| PTR   | PVR - 10     | ENV     | A        | Nature conservation and tourism development in Estero el Salado (300 ha)  | INAH      |                |         | 227          | 1,700            | 700       | 1,000     | 0           |           |  |
|   |              |         |          | - Study of the conservation system of the Estero  |           |                |         |              | 700              | 700       | 0         | 0           |           |  |
|   |              |         |          | - Tourist pier area development for mangrove boating  |           |                |         |              | 300              | 300       | 0         | 0           |           |  |
|   |              |         |          | - Information center of the mangrove, flora and fauna   |           |                |         |              | 700              | 700       | 0         | 0           |           |  |
| PTR   | PVR - 11     | HTL     | A        | Hotel accommodation development, (existing 8,739 rms + additional 2,257)  | Mun.      |                |         | 103,419      | 775,640          | 283,220   | 468,600   | 23,820      |           |  |

**Table 4. 16 List of tourism development projects in Puerto Vallarta tourism region (2/6)**

| Region | Project Code | Type | Category | Project Name & Components   | Dev. Body<br>Public<br>Private | Operation body<br>Public<br>Private | US\$ (1,000)<br>Total | Development Cost |                |                  |                  | Action Plan |
|--------|--------------|------|----------|---|--------------------------------|-------------------------------------|-----------------------|------------------|----------------|------------------|------------------|-------------|
|        |              |      |          |   |                                |                                     |                       | Total            | 1996-2000      | 2001-2005        | 2006-2010        |             |
| PTR    | PVR - 12     | UTL  | B        | Water supply dev. in downtown of P. Vallarta according to the master plan of SEAPAL<br>- Water resource development: 750 LPS by well<br>- Connection pipe 36" extending approx. 10 km<br>- Development of elevated tank in Ixtapa 7,500 cubic m.<br>- Development of elevated tank for 10,000 cubic m. and 2,000 cubic m.<br>- Connection pipe 24" extending approx. 10km<br>- Water resource development from Amezcua river for 700 LPS in long term<br>Sewage system in downtown of P. Vallarta according to the master plan of SEAPAL<br>- Installation of Main and sub collector in Ixtapa, Las Junias - phase I<br>- Installation of treatment plant and piping in Mismaloya phase I<br>- Sewage treatment system dev. in Villa Las Flores I & II, Guadalupe, Victoria, Lomas del Calvario, Loma Bonita, Brisas del Pacifico, Las Palmas in phase II<br>- Sewage treatment system dev. in Colonial Sur Pihillai, Vallarta 500, Santa Rosa, Ramblas, Cristobal, Colon, Ramblase, Ojo de Agua, Playa Grande, Buenos Aires, Paso Amehco, Caloso, Benito Juarez, and Emilia no Zapata in phase III | SEAPAL                         | SEAPAL                              | 16,000                | 120,000          | 2,000          | 3,000            | 115,000          |             |
| PTR    | PVR - 13     | UTL  | B        | Electric supply development according to the master plan of CFE, Jalisco<br>- Substation development in Vallarta (200MVA)<br>- Expansion of sub-transmission line (106km)<br>- Electric supply to Pihillai village 18/24/30 MVA, 115,000V<br>- Substation development in El Caloso<br>- Substation development in Villa Las Flores 12/16/20 MVA, 115,000A, 13,800V<br>Solid waste collection system development for downtown of Puerto Vallarta<br>- Study<br>- Vehicles<br>- Machinery, tractor, excavator & others  | CFE                            | CFE                                 | 17,054                | 127,904          | 118,904        | 9,000            | 0                |             |
| PTR    | PVR - 14     | UTL  | B        | Construction of new bypass road: Puerto Vallarta airport-Mismaloya (26 km)<br>Type A2 road, (2 lanes with 12 m. width) according to the Preliminary plan of SCT<br>Puerto Vallarta airport improvement according to the master plan of ASA<br>- Aisles and boarding gates construction<br>- Cargo terminal construction<br>- General aviation terminal construction<br>- Commercial aviation platform expansion and renovation<br>- Parking area expansion<br>- Others including sign and information boards  | MPALES                         | MPALES                              | 1,333                 | 10,000           | 10,000         | 0                | 0                |             |
| PTR    | PVR - 15     | UTL  | B        |   | MPALES                         | MPALES                              | 381,333               | 2,860,000        | 0              | 2,860,000        | 0                |             |
| PTR    | PVR - 16     | TRP  | B        |   | SCT                            | SCT                                 | 71,500                | 536,250          | 115,500        | 50,250           | 367,500          |             |
| PTR    | PVR - 17     | TRP  | B        |   | ASA                            | ASA                                 | 71,500                | 112,500          | 187,500        | 112,500          | 187,500          |             |
|        |              |      |          | Sub-total of Category-A   |                                |                                     | 185,211               | 1,389,085        | 407,857        | 898,258          | 82,970           |             |
|        |              |      |          | Sub-total of Category-B   |                                |                                     | 983,607               | 7,377,052        | 268,760        | 6,825,792        | 482,500          |             |
|        |              |      |          | <b>Total of Puerto Vallarta tourism center</b>  |                                |                                     | <b>1,168,818</b>      | <b>8,766,137</b> | <b>676,617</b> | <b>7,524,050</b> | <b>565,470</b>   |             |
| PTR    | GDL - 1      | ATR  | A        | Development of "Mexican village" in Guadalupe   |                                |                                     | 4,533                 | 34,000           | 0              | 0                | 34,000           | APTR4       |
| PTR    | GDL - 2      | ATR  | A        | Improvement of Guadalupe tourism center<br>- Remodeling of strategic cultural areas<br>- cultural centers, museums, plazas, etc.<br>- Revitalization of Tapatia area  | State                          |                                     | 4,667                 | 35,000           | 0              | 17,500           | 17,500           |             |
| PTR    | GDL - 3      | TRC  | A        | Convention/exhibition center complex at site of exist. exhibition center in Guadalupe   | State                          |                                     | 933                   | 7,000            | 0              | 3,500            | 3,500            |             |
| PTR    | GDL - 4      | HTL  | A        | Hotel accommodation development in Guadalupe (existing 12,200+additional 10,284 rms.)   | State                          |                                     | 19,333                | 160,000          | 0              | 90,000           | 50,000           |             |
|        |              |      |          | <b>Total of Guadalupe tourism center</b>  |                                |                                     | <b>61,127</b>         | <b>4,944,560</b> | <b>109,540</b> | <b>2,103,730</b> | <b>2,371,396</b> |             |

**Table 4. 17 List of tourism development projects in Puerto Vallarta tourism region (3/6)**

| Reg. Code | Project Code | Type | Category | Project Name & Components  | Dev. Body | Operation body | US\$ (1,000) | Development Cost |           |           | Action Plan |           |
|-----------|--------------|------|----------|--|-----------|----------------|--------------|------------------|-----------|-----------|-------------|-----------|
|           |              |      |          |  |           |                |              | Total            | 1996-2000 | 2001-2005 |             | 2006-2010 |
| PTR       | GDL - 5      | ENV  | A        | Ecological rehabilitation of the Chaparral lake<br>- Study and design of tourist spots<br>- Ecological rehabilitation of the lake<br>- Hotel accommodation development in Chaparral (existing 800 rms.+additional 643 rms.)<br>- Hotel accommodation development according to the master plan of ASA<br>- General aviation airport improvement according to the master plan of ASA<br>- General aviation building expansion and upgrading<br>- Satellite terminal construction and terminal building improvement<br>- Hangars infrastructure development and car parking expansion | State     |                | 560          | 4,200            | 0         | 700       | 3,500       |           |
| PTR       | GDL - 6      | HTL  | A        |  |           |                | 42,699       | 320,240          | 56,940    | 125,840   | 137,460     |           |
| PTR       | GDL - 7      | TRP  | B        |  | ASA       | ASA            | 136,800      | 1,026,000        | 27,000    | 848,000   | 150,000     |           |
|           |              |      |          |  |           |                |              | 786,000          | 786,000   |           | 150,000     |           |
|           |              |      |          |  |           |                |              | 90,000           | 27,000    | 63,000    |             |           |
|           |              |      |          |  |           |                | 678,000      | 5,085,000        | 166,480   | 2,301,270 | 2,617,250   |           |
|           |              |      |          |  |           |                | 136,800      | 1,026,000        | 27,000    | 849,000   | 150,000     |           |
|           |              |      |          |  |           |                | 814,800      | 6,111,000        | 193,480   | 3,150,270 | 2,767,250   |           |
|           |              |      |          | Sub-total of Category-A  |           |                | 327          | 2,450            | 0         | 2,450     | 0           |           |
|           |              |      |          | Sub-total of Category-B  |           |                | 653          | 4,900            | 0         | 4,900     | 0           | APPTR5    |
|           |              |      |          | <b>Total of Guadajarara tourism center</b>   |           |                | 38,335       | 287,660          | 88,580    | 90,390    | 108,590     |           |
| PTR       | PGN - 1      | ATR  | A        | Guadajarara corridor, north route<br>- Total factory exhibition area improvement in Magdalena<br>- Improvement of parking with landscaping<br>- Improvement of conducted opal processing factory tour and souvenir shop<br>- Tourism amenity improvement of Tequila town<br>- Beautification of Tequila town with sign information, landscaping and pedestrian walk  | State     |                |              |                  |           |           |             |           |
| PTR       | PGN - 2      | ATR  | A        |  |           |                |              |                  |           |           |             |           |
| PTR       | PGN - 3      | HTL  | A        |  |           |                | 39,335       | 295,010          | 88,580    | 97,740    | 108,590     |           |
|           |              |      |          | Hotel development along Puerto Vallarta - Guadajarara corridor, north route<br>new hotel development (500 rms.)  |           |                | 39,335       | 295,010          | 88,580    | 97,740    | 108,590     |           |
|           |              |      |          | Sub-total of Category-A  |           |                | 9,268        | 69,510           | 16,910    | 52,700    | 0           | APPTR6    |
|           |              |      |          | <b>Total of Puerto Vallarta - Guadajarara corridor, north route</b>  |           |                | 5,801        | 43,510           | 16,910    | 26,700    | 0           |           |
| PTR       | PGS - 1      | ATR  | A        | Conservation of historical districts and tourism amenity improvement of three traditional villages (San Sebastian del Oeste, Mascota, Talpa)   |           |                | 1,333        | 10,000           | 8,000     | 2,000     | 0           |           |
| PTR       | PGS - 1 (1)  | ATR  | A        | 1) Conservation and improvement of San Sebastian del Oeste village<br>- Improvement and beautification of tourism facilities; Plaza streets, including Hotel Los Arcos and restaurants at Zocalo, Parking area outside of village boundary   | Mun.      | Mun.           |              |                  |           |           |             |           |
| PTR       | PGS - 1 (2)  | ATR  | A        | 2) Beautification of Talpa<br>- Improvement of access road and development of parking area. Pavement of existing Pavesida road from Las Mesitas to San Sebastian (6km)   | SCT       | Mun.           | 720          | 5,400            | 5,400     | 0         | 0           |           |
| PTR       | PGS - 1 (3)  | ATR  | A        | 3) Beautification of Mascota<br>- Improvement of landing strip of San Sebastian; Landing strip pavement, Waiting building (100sq.m)  | SCT       | SCT            | 3,293        | 24,700           | 0         | 24,700    | 0           |           |
| PTR       | PGS - 2      | TRP  | B        | Local industry development: Silver workshops, indigenous handicrafts, Coffee farm<br>- Beautification of Mascota<br>- Beautification of the Church providing parking lots, information boards, etc   | Mun.      |                | 455          | 3,410            | 3,410     | 0         | 0           |           |
| PTR       | PGS - 2 (1)  | TRP  | B        | 1) Beautification of Talpa<br>- Beautification of the section of Puerto Vallarta - Mascota   | Mun.      | Mun.           | 1,733        | 13,000           | 0         | 13,000    | 0           |           |
| PTR       | PGS - 2 (2)  | TRP  | B        | 2) Road improvement of the section of Puerto Vallarta - Mascota<br>- Puerto Vallarta (Las Juntas) - Las Palmas (27 km); asphalt concrete pavement on the existing road   | Mun.      | Mun.           | 1,733        | 13,000           | 0         | 13,000    | 0           |           |
|           |              |      |          | Sub-total of Category-B  |           |                | 23,280       | 174,600          | 174,600   | 0         | 0           | APPTR7    |
|           |              |      |          | <b>Total of Puerto Vallarta - Guadajarara corridor, south route</b>  |           |                | 24,300       | 24,300           | 24,300    | 0         | 0           |           |
|           |              |      |          | Las Palmas - Las Mesitas (27 km) and Las Mesitas - Mascota (35 km); improvement of existing road to paved road with asphalt concrete   | Mun.      | Mun.           | 150,300      | 150,300          | 150,300   | 0         | 0           |           |

Table 4. 18 List of tourism development projects in Puerto Vallarta tourism region (4/6)

| Reg ion | Project Code | Type | Category | Project Name & Components   | Dev. Body | Operation body |         | Total            | Development Cost     |                  |                   | Action Plan      |
|---------|--------------|------|----------|---|-----------|----------------|---------|------------------|----------------------|------------------|-------------------|------------------|
|         |              |      |          |   |           | Public         | Private |                  | 1996-2000            | 2001-2005        | 2006-2010         |                  |
|         |              |      |          |   |           |                |         | US\$ (1,000)     | Mexican Peso (1,000) |                  |                   |                  |
| PTR     | PGS - 3      | TRP  | B        | Improvement of Federal Highway No.70, Mascota-Malpaso (20 km) - asphalt concrete overlay                    | SCT       |                |         | 2,400            | 18,000               | 0                | 0                 | 0                |
|         |              |      |          | Sub-total of Category-A   |           |                |         | 2,508            | 68,510               | 0                | 0                 | 0                |
|         |              |      |          | Sub-total of Category-B   |           |                |         | 30,040           | 192,600              | 0                | 0                 | 0                |
|         |              |      |          | <b>Total of Puerto Vallarta - Guadajarara corridor, south route</b>   |           |                |         | <b>32,548</b>    | <b>262,110</b>       | <b>0</b>         | <b>0</b>          | <b>0</b>         |
| PTR     | PMC - 1      | TFC  | A        | Tourism facility development in Costa Alegre beach resort belt  |           |                |         | 12,667           | 95,000               | 0                | 0                 | 95,000           |
| PTR     | PMC - 1 (1)  | TFC  | A        | 1) Golf courses development along Costalegre  |           |                |         | 2,687            | 20,000               | 0                | 0                 | 20,000           |
|         |              |      |          | - Golf course in Majahua  |           |                |         |                  | 10,000               | 0                | 0                 | 10,000           |
|         |              |      |          | - Golf course Jullapan  |           |                |         |                  | 10,000               | 0                | 0                 | 10,000           |
| PTR     | PMC - 1 (2)  | TFC  | A        | 2) Marina development along Costalegre  |           |                |         | 10,000           | 75,000               | 0                | 0                 | 75,000           |
|         |              |      |          | - Marina development in Isla Navidad (500 boats)  |           |                |         |                  | 35,000               | 0                | 0                 | 35,000           |
|         |              |      |          | - Marina development in Jullapan (500 boats)  |           |                |         |                  | 40,000               | 0                | 0                 | 40,000           |
| PTR     | PMC - 2      | HTL  | A        | Hotel accommodation development (additional 1,778 rms)  |           |                |         | 144,253          | 1,081,900            | 183,350          | 440,870           | 457,680          |
| PTR     | PMC - 3      | ENV  | A        | Studies for ecological improvement of lagoons and coastal areas   |           |                |         | 181              | 1,360                | 0                | 1,360             | 0                |
| PTR     | PMC - 3 (1)  | ENV  | A        | 1) Ecological recovery for Navidad lagoon and Tule lagoon   | INAH      |                |         | 91               | 680                  | 0                | 680               | 0                |
| PTR     | PMC - 3 (2)  | ENV  | A        | 2) Ecological rehabilitation for the area between La Manzanilla and Barra de Navidad                        | INAH      |                |         | 91               | 680                  | 0                | 680               | 0                |
| PTR     | PMC - 4      |      |          | Studies for urban rehabilitation of populated towns   |           |                |         | 280              | 2,100                | 0                | 2,100             | 0                |
|         |              |      |          | survey of building facades, Malecon restaurant, commercial zone, parking and handicrafts market development |           |                |         |                  |                      |                  |                   |                  |
| PTR     | PMC - 4 (1)  | ATR  | A        | 1) La Manzanilla  | Mun.      |                |         | 99               | 700                  | 0                | 700               | 0                |
| PTR     | PMC - 4 (2)  | ATR  | A        | 2) Barra de Navidad   | Mun.      |                |         | 99               | 700                  | 0                | 700               | 0                |
| PTR     | PMC - 4 (3)  | ATR  | A        | 3) Melaque  | Mun.      |                |         | 99               | 700                  | 0                | 700               | 0                |
| PTR     | PMC - 6      |      |          | Improvement of landing strips   |           |                |         | 6,587            | 49,400               | 0                | 49,400            | 0                |
| PTR     | PMC - 6 (1)  | TRP  | A        | 1) Rehabilitation of runway, construction of airport office and control tower in Tenacaita                  | SCT       |                |         | 3,298            | 24,700               | 0                | 24,700            | 0                |
| PTR     | PMC - 6 (2)  | TRP  | A        | 2) Improvement of landing strip, office and tower in Punta Careyes  | SCT       |                |         | 3,289            | 24,700               | 0                | 24,700            | 0                |
| PTR     | PMC - 7      |      |          | Improvement of Federal Highway along Costa Alegre in Jalisco state  |           |                |         | 104,613          | 784,600              | 0                | 0                 | 784,600          |
| PTR     | PMC - 7 (1)  | TRP  | B        | 1) Mismaloya-Chihuahuan (2+6 km); Improvement of Federal road No.200, from Type C to Type A2 (12 m. W)      | SCT       |                |         | 103,660          | 777,600              | 0                | 0                 | 777,600          |
| PTR     | PMC - 7 (2)  | TRP  | A        | 2) Observation area of the Pacific ocean along the Costalegre   | SCT       |                |         | 933              | 7,000                | 0                | 0                 | 7,000            |
|         |              |      |          | Sub-total of Category-A   |           |                |         | 164,901          | 1,238,768            | 183,350          | 493,730           | 559,680          |
|         |              |      |          | Sub-total of Category-B   |           |                |         | 103,680          | 777,600              | 0                | 0                 | 777,600          |
|         |              |      |          | <b>Total of Puerto Vallarta-Manzanillo corridor (Costalegre beach belt)</b>                                 |           |                |         | <b>268,581</b>   | <b>2,014,368</b>     | <b>183,350</b>   | <b>493,730</b>    | <b>1,337,280</b> |
| PTR     | GMC - 1      | ATR  | A        | Improvement of highland resorts in the Colima volcano area  | State     |                |         | 91               | 680                  | 0                | 680               | 0                |
| PTR     | GMC - 2      | ATR  | A        | Study of tourist trekking route development in the snow covered areas                                       | SCT       |                |         | 333              | 7,000                | 0                | 7,000             | 0                |
|         |              |      |          | Construction of observation areas along Guadajarara-Manzanillo corridor                                     |           |                |         |                  |                      |                  |                   |                  |
|         |              |      |          | Service area with parking area, restaurant, toilet  |           |                |         |                  |                      |                  |                   |                  |
|         |              |      |          | Sub-total of Category-A   |           |                |         | 1,024            | 7,680                | 0                | 7,680             | 0                |
|         |              |      |          | Sub-total of Category-B   |           |                |         | 1,024            | 7,680                | 0                | 7,680             | 0                |
|         |              |      |          | <b>Total of Guadajarara - Manzanillo corridor</b>   |           |                |         | <b>1,077,739</b> | <b>8,983,045</b>     | <b>863,177</b>   | <b>3,851,378</b>  | <b>3,968,490</b> |
|         |              |      |          | <b>Total of Puerto Vallarta-Guadajarara-Manzanillo Tourism Triangle</b>                                     |           |                |         | <b>1,249,767</b> | <b>9,373,252</b>     | <b>488,366</b>   | <b>7,474,792</b>  | <b>1,416,100</b> |
|         |              |      |          | Sub-total of Category-A   |           |                |         | 2,327,506        | 17,456,297           | 1,351,537        | 11,326,170        | 4,778,590        |
|         |              |      |          | Sub-total of Category-B   |           |                |         |                  |                      |                  |                   |                  |
|         |              |      |          | <b>Total of Puerto Vallarta-Guadajarara-Manzanillo Tourism Triangle</b>                                     |           |                |         | <b>2,327,506</b> | <b>17,456,297</b>    | <b>1,351,537</b> | <b>11,326,170</b> | <b>4,778,590</b> |

Table 4. 19 List of tourism development projects in Puerto Vallarta tourism region (5/6)

| Region   | Project Code | Category | Project Name & Components   | Dev. Body |         | Operation body |         | US\$ (1,000) | Development Cost |           |           | Action Plan |
|--|--------------|----------|---|-----------|---------|----------------|---------|--------------|------------------|-----------|-----------|-------------|
|  |              |          |   | Public    | Private | Public         | Private |              | Total            | 1996-2000 | 2001-2005 |             |
| <b>Other areas in the Jalisco state (OTR)</b>                      |              |          |   |           |         |                |         |              |                  |           |           |             |
| Improvement of Los Altos tourism zone                              |              |          |   |           |         |                |         |              |                  |           |           |             |
| PTR  | OTR - 1      | ATR      | 1) Study and design of tourist spots in San Juan de Los Lagos                       | State     | ○       |                |         | 4,757        | 35,680           | 0         | 680       | 35,000      |
| PTR  | OTR - 1      | ATR      | 2) Renovation of downtown, parking, accommodation, city entrance development        | State     | ○       |                |         | 91           | 680              | 0         | 680       | 0           |
| PTR  | OTR - 1      | ATR      | 3) Sign project in Lagos de Moreno  | State     |         |                |         | 1,967        | 14,000           | 0         | 0         | 14,000      |
| PTR  | OTR - 2      | ATR      | Hotel accommodation in other areas of Jalisco state, additional 499 rms.            | State     |         |                |         | 2,800        | 21,000           | 0         | 0         | 21,000      |
| PTR  | GMC - 3      | TRP      | Improvement of access road to Montaña zone from Autopista No.54                     | State     |         |                |         | 27,173       | 203,800          | 15,620    | 100,400   | 87,780      |
| Sub-total of Category-A  |              |          |   |           |         |                |         | 333          | 7,000            | 0         | 0         | 7,000       |
| Total of other areas in the Jalisco state                          |              |          |   |           |         |                |         | 32,864       | 246,480          | 15,620    | 101,080   | 129,780     |
| Total of Category-A  |              |          |   |           |         |                |         | 32,864       | 246,480          | 15,620    | 101,080   | 129,780     |
| <b>Other areas in the Jalisco state</b>                            |              |          |   |           |         |                |         |              |                  |           |           |             |
| Total of other areas in the Jalisco state                          |              |          |   |           |         |                |         |              |                  |           |           |             |
| <b>Navarra state tourism spots</b>                                 |              |          |   |           |         |                |         |              |                  |           |           |             |
| PTR  | NVR - 1      | ATR      | Theme park development in Nuevo Vallarta. "Sea World"                               | State     | ○       |                |         | 9,333        | 70,000           | 0         | 35,000    | 35,000      |
| PTR  | NVR - 2      | TFC      | Sea excursion development for Isla Marietas, at Punta de Milla etc.                 | State     | ○       |                |         | 467          | 3,500            | 3,500     | 0         | 0           |
| PTR  | NVR - 3      | ATR      | Tourist pier, information and guide center  | State     | ○       |                |         | 140          | 1,050            | 0         | 1,050     | 0           |
| PTR  | NVR - 4      | ATR      | Cabrero volcanic viewing deck development at Ahuacatlan area                        | INAH      |         |                |         | 187          | 1,400            | 0         | 1,400     | 0           |
| PTR  | NVR - 5      | ATR      | Information panels, parking, pay toilet, and refreshment stand                      | State     | ○       |                |         | 455          | 3,410            | 0         | 3,410     | 0           |
| PTR  | NVR - 6      | ATR      | Information center improvement, pay toilet and refreshment stand                    | Mun.      | ○       |                |         | 267          | 2,006            | 0         | 2,006     | 0           |
| PTR  | NVR - 7      | HTL      | Improvement of area of piers for mangrove boating at San Blas                       | State     |         |                |         | 313,089      | 2,348,240        | 684,120   | 724,740   | 839,360     |
| PTR  | NVR - 8      | UTL      | Agro-tourism development in Valle de Banderas                                       | State     | ○       |                |         | 4,667        | 35,000           | 5,000     | 30,000    | 0           |
| Sub-total of Category-A  |              |          |   |           |         |                |         | 73,333       | 550,000          | 0         | 0         | 550,000     |
| PTR  | NVR - 9      | TRP      | Agro-park development: picking of tropical fruits by tourist                        | SCT       |         |                |         | 26,400       | 198,000          | 0         | 0         | 198,000     |
| PTR  | NVR - 9      | TRP      | Observation space development for shipping and processing of factories, information | SCT       |         |                |         | 46,933       | 352,000          | 0         | 0         | 352,000     |
| PTR  | NVR - 9      | TRP      | Hotel accommodation development additional 3,875 rms at Bahía de Banderas, Nayarit  | SCT       |         |                |         | 328,614      | 2,464,566        | 682,620   | 797,606   | 974,360     |
| Sub-total of Category-B  |              |          |   |           |         |                |         | 73,333       | 550,000          | 0         | 0         | 550,000     |
| Total of Navarra state tourism spots                               |              |          |   |           |         |                |         | 401,947      | 3,014,566        | 692,620   | 797,606   | 1,524,380   |
| <b>Tourism development in Colima state (CLM)</b>                   |              |          |   |           |         |                |         |              |                  |           |           |             |
| Improvement of highland resorts in the Colima volcano area for GMC |              |          |   |           |         |                |         |              |                  |           |           |             |
| PTR  | CLM - 1      | ATR      | 1) Beautification of the existing highland resort areas                             | Mun.      |         |                |         | 31,173       | 233,800          | 15,620    | 100,400   | 117,780     |
| PTR  | CLM - 1      | TRP      | 2) Improvement of access roads to the existing highland resort areas                | SCT       |         |                |         | 2,667        | 20,000           | 0         | 0         | 20,000      |
| PTR  | CLM - 1      | HTL      | 3) Hotel accommodation development for the highland resort (additional 368 rms)     | SCT       |         |                |         | 1,333        | 10,000           | 0         | 0         | 10,000      |
| Sub-total of Category-B  |              |          |   |           |         |                |         | 27,173       | 203,800          | 15,620    | 100,400   | 87,780      |

Table 4. 20 List of tourism development projects in Puerto Vallarta tourism region (6/6)

| Region | Project Code | Type | Category | Project Name & Components   | Dev. Body<br>Public | Private | Operation body |         | US\$ (1,000)<br>Total | Development Cost<br>Mexican Peso (1,000) |           |            | Action Plan |
|--------|--------------|------|----------|---|---------------------|---------|----------------|---------|-----------------------|--|-----------|------------|-------------|
|        |              |      |          |   |                     |         | Public         | Private |                       | Total                                    | 1996-2000 | 2001-2005  |             |
| PTR    | CLM - 2      | ATR  | A        | Restoration of Ex-Hacienda  |                     |         |                |         | 833                   | 7,000                                    | 0         | 0          | 7,000       |
| PTR    | CLM - 3      | (1)  | TFC      | Tourism facility development in Manzanillo  |                     |         |                |         | 22,867                | 170,000                                  | 0         | 0          | 170,000     |
| PTR    | CLM - 3      | (2)  | TFC      | Golf course development   |                     |         |                |         | 13,333                | 100,000                                  | 0         | 0          | 100,000     |
| PTR    | CLM - 3      | (2)  | TFC      | Marina development  |                     |         |                |         | 9,333                 | 70,000                                   | 0         | 0          | 70,000      |
| PTR    | CLM - 4      | HTL  | A        | Hotel accommodation development; additional 3,565 rms in Manzanillo, Colima           |                     |         |                |         | 288,121               | 2,160,910                                | 623,036   | 509,840    | 728,040     |
| PTR    | CLM - 5      | TRP  | B        | Improvement of Federal Highway of Puerto Vallarta-Manzanillo corridor in Colima state |                     |         |                |         | 24,000                | 180,000                                  | 0         | 180,000    | 0           |
|        |              |      |          | - Chihuahua - Miramar (25 km); new construction of Type-A2 road for PMC               |                     |         |                |         |                       |  |           |            |             |
|        |              |      |          | Sub-total of Category-A   |                     |         |                |         | 342,895               | 2,571,710                                | 638,650   | 710,240    | 1,022,820   |
|        |              |      |          | Sub-total of Category-B   |                     |         |                |         | 24,000                | 180,000                                  | 0         | 180,000    | 0           |
|        |              |      |          | Total of Nayarit state tourism spots  |                     |         |                |         | 366,895               | 2,751,710                                | 638,650   | 890,240    | 1,022,820   |
|        |              |      |          | Other states  |                     |         |                |         | 671,509               | 5,036,316                                | 1,531,270 | 1,507,846  | 1,997,200   |
|        |              |      |          | Total of Category-A   |                     |         |                |         | 97,333                | 738,000                                  | 0         | 180,000    | 550,000     |
|        |              |      |          | Total of Category-B   |                     |         |                |         | 788,842               | 5,768,316                                | 1,531,270 | 1,687,846  | 2,547,200   |
|        |              |      |          | Total of Nayarit State  |                     |         |                |         |                       |  |           |            |             |
|        |              |      |          | Grand Total of Puerto Vallarta Tourism Region   |                     |         |                |         | 1,782,112             | 13,365,841                               | 2,410,657 | 5,460,304  | 5,495,470   |
|        |              |      |          | Grand Total of Category-A   |                     |         |                |         | 1,347,100             | 10,103,252                               | 488,360   | 7,654,792  | 1,960,100   |
|        |              |      |          | Grand Total of Category-B   |                     |         |                |         | 3,129,212             | 23,469,093                               | 2,898,427 | 13,115,096 | 7,455,570   |
|        |              |      |          | Grand Total of Puerto Vallarta Tourism Region   |                     |         |                |         |                       |  |           |            |             |

Notes:  
 1 Cost=\$1,000 assumed by JICA study team (1996 price)  
 2 Abbreviations of Project Code:  
 (1) Tourism region: JAL= Jalisco State  
 (2) Tourism Center/Products:  
 (3) Type of projects:  
 ATR= Tourism attraction development/improvement, ENS=Environmental conservation and social development, TFC= Tourism facilities development, HTL= Hotel accommodation development, LDV=Land Development, TRP=Transport development/improvement, UTL=Utility service system development.  
 (4) Category of projects:  
 A=Projects directly related to tourism, B=Projects indirectly related to tourism but developed under the strategies of national and/or state development.  
 3 APPTTR = Project selected as Action Plan for Puerto Vallarta Tourism Region

## 4.6. Economic and financial analyses

### 4.6.1. Analysis of past performance of Puerto Vallarta

The economic internal rate of return (EIRR) in Puerto Vallarta was -0.8% during the 1980-1994 period primarily based on the data provided by the Jalisco state under the assumption that the residual value of past investment was regarded to be benefit in 1995. This shows the past tourism investment was not very effective in Puerto Vallarta. The cost side analysis shows infrastructure investment cost, private sector investment, and housing investment, and operation costs constitute 2.1%, 25.3%, 11.9%, and 60.7%, respectively. The benefit side analysis shows the regional economic effects constitute 67.2% of the benefit while that of employment creation constitutes 26.4% and multiplier effect constitute remaining 6.4%.

One of the major reasons for the low B/C ratio in Puerto Vallarta is that there has not been appropriate strategy to increase visitor expenditure. It is necessary to shift its market toward more high-spending segment by creating added values of the destination.

### 4.6.2. General assumptions for the economic and financial analyses

#### a. Area for the analysis:

The analysis was conducted in the priority development area, namely, the Level-3 (tourism corridor) area as specified in the development strategy for the Puerto Vallarta tourism region.

#### b. Target year:

The evaluation covers the years from 1996 to 2010, which are divided into three phases, namely:

- Short-term: 1996-2000
- Medium-term: 2001-2005
- Long-term: 2006-2010

#### c. Development cost

The development cost used for the analysis are summarized in Table 4. 21.

Table 4. 21 Development costs by type of project

|                       |       | Short term | Medium term | Long term | Total      |
|-----------------------|-------|------------|-------------|-----------|------------|
| Transportation-A      | TRP-A | 4,050      | 210,075     | 588,450   | 802,575    |
| Transportation-B      | TRP-B | 83,775     | 944,021     | 129,375   | 1,157,171  |
| Urban utilities       | UTL-B | 38,315     | 924,677     | 28,750    | 991,742    |
| Environmental         | ENV   | 350        | 3,280       | 1,750     | 5,380      |
| Land development      | LDV   | 0          | 0           | 0         | 0          |
| Sub total             |       | 126,490    | 2,082,053   | 748,325   | 2,956,868  |
| Land acquisition cost |       | 12,649     | 208,205     | 74,833    | 295,687    |
| Hotel                 | HTL   | 2,073,774  | 3,369,047   | 3,825,771 | 9,268,592  |
| Tourism attraction    | ATR   | 22,947     | 62,138      | 58,400    | 143,485    |
| Other transportation  | TFC   | 112,400    | 453,150     | 200,750   | 766,300    |
| Sub total             |       | 2,209,121  | 3,884,335   | 4,084,921 | 10,178,377 |
| Land acquisition cost |       | 74,510     | 135,281     | 137,414   | 347,205    |
| Total                 |       | 2,422,770  | 6,309,874   | 5,045,493 | 13,778,137 |

Note: unit of amount: 1,000 pesos

Source: JICA study team

#### d. Hotel arrivals

The target of hotel arrivals used for the analysis are summarized in Table 4. 22



**Table 4. 22 Hotel arrivals for major tourism centers**

| Tourism centers | Domestic |       |       |       | International |      |      |       |
|-----------------|----------|-------|-------|-------|---------------|------|------|-------|
|                 | 1995     | 2000  | 2005  | 2010  | 1995          | 2000 | 2005 | 2010  |
| Guadalajara     | 1,737    | 2,086 | 2579  | 3192  | 143           | 189  | 244  | 312   |
| Puerto Vallarta | 549      | 588   | 609   | 639   | 349           | 372  | 387  | 400   |
| Costalegre      | 60       | 132   | 263   | 422   | 12            | 41   | 91   | 150   |
| Chapala         | 117      | 120   | 160   | 210   | 106           | 44   | 58   | 77    |
| Mountain        | 140      | 125   | 137   | 154   | 3             | 21   | 57   | 101   |
| Target          | 2,603    | 3,051 | 3,748 | 4,617 | 613           | 667  | 837  | 1,040 |

Note: unit of arrivals: 1,000 pesos

Source: JICA study team

### e. Visitor expenditure

#### Per-capita expenditure

Per-capita expenditure, which is defined as the total expenditure of a person during the period of his/her stay at a destination, is assumed based on the hotel guest expenditure in 1994 and 1995. Per-capita expenditures of both foreign visitors and domestic visitors are supposed to increase due to upgrading of tourism facilities and creation of tourist attractions that should work as added values. Inflation is not considered in this analysis. The per-capita expenditure in Puerto Vallarta in 2006-2010 is assumed 92% of Cancun for international visitors, and 81% for domestic visitors.

**Table 4. 23 Per-capita expenditure**

|                 | 1994  |          | 1996-2000 |          | 2001-2005 |          | 2006-2010 |          |
|-----------------|-------|----------|-----------|----------|-----------|----------|-----------|----------|
|                 | Local | Intern'l | Local     | Intern'l | Local     | Intern'l | Local     | Intern'l |
| Puerto Vallarta | 1,370 | 6,220    | 1,620     | 7,480    | 2,270     | 8,540    | 2,920     | 9,600    |
| Guadalajara     | 850   | 1,260    |           |          |           |          |           |          |

Note: Unit: pesos

Unit expenditure in Puerto Vallarta in 1994 is estimated that of Guadalajara in 1994 (SECTUR) and statistic data of Jalisco state in 1995.

Source: JICA study team

#### Self sufficient ratio by category

Self sufficient rates are estimated by expenditure categories, which are used by Banco de Mexico and FONATUR as follows.

**Table 4. 24 Expenditure ratio by category**

|                 | 1994  |    |   |    |               |    |   |    | 1996-2010 |    |   |    |
|-----------------|-------|----|---|----|---------------|----|---|----|-----------|----|---|----|
|                 | Local |    |   |    | International |    |   |    | Total     |    |   |    |
|                 | L     | F  | S | O  | L             | F  | S | O  | L         | F  | S | O  |
| Puerto Vallarta |       |    |   |    |               |    |   |    | 43        | 32 | 6 | 19 |
| Guadalajara     | 47    | 30 | 5 | 18 | 39            | 35 | 6 | 20 |           |    |   |    |

Note: Unit of ratio: %, L: lodging, F: food and drink, S: shopping, O: others

Source: SECTUR, compiled by JICA study team

### f. Others

The followings are assumptions employed for the analysis.

- Prices and exchange rates are set and used as of 1996(1 US dollar = 7.5 pesos)
- No inflation is considered to evaluate both economic and financial analysis.

### 4.6.3. Economic analysis

The objective of the analysis is to evaluate economic viability of the tourism development in the development priority area (Level-3) of the Puerto Vallarta tourism region.

#### (1) Methodology of economic analysis

##### a. Economic benefit

###### Direct benefit

Direct benefit of tourism development is regional economic effects which is calculated as a certain part of increment in number of visitors with the proposed projects. The formula is as follows.

direct benefit = (number of tourists with the projects - number of tourists without the projects) x (per-capita expenditure) x (self sufficient rate)

The number of visitors with the projects is calculated by linear-adjusting way based on the target hotel arrival in 2000, 2005 and 2010. The number of tourists without the proposed projects is assumed to increase until 1999 due to the effects of past investment as follows.

- 1996 = 80% of the number with projects
- 1997 = 70% of the number with projects
- 1998 = 60% of the number with projects
- 1999 = 50% of the number with projects
- After 2000 = same figure as of 1999

Self sufficient rates of respective tourist expenditure categories are estimated based on an interview survey conducted by JICA study team. Although self sufficiency ratio of food, drink, and shopping are assumed to increase due to promotion of local industries linked with tourism, the increases are about the half of other regions because of the difficulty in local industry development due to its location and natural conditions.

**Table 4. 25 Self sufficient rate**

|                | 1994 | 1996-2000 | 2001-2005 | 2006-2010 |
|----------------|------|-----------|-----------|-----------|
| Lodging        | 50.0 | 50.0      | 50.0      | 50.0      |
| Food and drink | 25.0 | 30.0      | 35.0      | 40.0      |
| shopping       | 25.0 | 30.0      | 35.0      | 40.0      |
| Others         | 80.0 | 80.0      | 80.0      | 80.0      |

Note: unit: %

Source: JICA study team

###### Indirect benefit

Indirect benefit generally consists of employment creation, multiplier effects, and other indirect benefits. Due to the difficulty to estimate other indirect benefits, only the benefits of employment creation and multiplier effects are calculated here.

###### Indirect employment of hotel workers:

According to studies conducted by SECTUR and the Service Census in 1993, the number of workers in tourism-related industries are 2.5 times of hotel workers. The benefit of indirect employment is estimated based on the following assumptions:

- Number of hotel workers per room: 1.3, and
- Average income of related industries: \$ 10,000/year

---

### Increase of employment in the construction industry:

Increase of construction workers is assumed in proportion to construction investment.

- Number of construction workers: 9.4 per million \$ of investment,
- Average income of construction industry: \$ 14,000/year

### Multiplier effects of tourist consumption

Multiplier effects according to the input-output table in 1985, the intermediate input of hotel and restaurant is 14 %. To estimate multiplier effects, it is assumed that 50 % of the intermediate income circulates locally.

### Multiplier effects of construction work

According to the input-output table in 1980, the intermediate input of construction industry is 53 %. To estimate multiplier effects, it is assumed that 30 % of intermediate income circulates locally.

### Other indirect benefits

Increase of foreign currency and government revenue, improvement of economic structure, promotion of business activities and social impacts for regional development are other indirect benefits. These are national-level effects and also difficult to estimate. Therefore, these benefits are excluded in this analysis.

## **b. Costs**

Future costs are composed of those of construction, promotion and operation.

### Construction costs and cost sharing

Construction costs are estimated for each project as shown in Table 4. 21. Indirect investment such as planning and studies is counted by 5% of infrastructure investments.

Some investments contribute not only to tourism industry but also to other local industries and social welfare. Therefore, contribution factors of investments to tourism are assumed by considering the nature of investment in relation to tourism as follows.

- Tourism facilities 100%
- Transportation for mainly tourism 75%
- Transportation for regional development 25%
- Land development 75%
- Urban utilities 25%
- Environmental protection and improvement 50%

Residual value of past investments is not counted in this analysis, though that of future investment is counted in 2011 because most of the proposed projects will be completed after the evaluation period. The residual periods are set as follows.

- Infrastructure 30 years
- Indirect investment 15 years
- Tourism facilities 15 years

No land acquisition cost is considered to evaluate economic analysis.

### Promotion costs

Promotion costs are also estimated for each promotion activity.

### Operation costs

Operation costs are assumed as 30% of cumulative costs of developing infrastructure, such as road, airport, sewerage, water and electric supply, and 58% of tourists consumption at related facilities, such as hotel, museum, marina and golf course.

### Conversion factors to economic prices

The following conversion factors to economic prices are adopted based on the report of "Socio-Economic Evaluation of Ex-post Cancun" by FONATUR.

- Construction of infrastructure: 0.726
- Construction of facility: 0.699
- Operation and maintenance: 0.692

The conversion factor to economic prices of promotion is assumed to be as the same as that of operation and maintenance.

## (2) **Economic analysis of Puerto Vallarta tourism region**

The economic internal rate of return (EIRR) is 12.4 %. Table 4. 26 shows results of the sensitivity analysis based on the EIRR of 12.4 %.

**Table 4. 26 Economic internal rate of return (EIRR)**

| Cases of sensitivity analysis    | EIRR (%) |
|----------------------------------|----------|
| Base Case                        | 12.4     |
| Increase of Total Benefit (+20%) | 30.5     |
| Decrease of Total Benefit (-20%) | -4.5     |
| Increase of Total Cost (+20%)    | -1.8     |
| Decrease of Total Cost (-20%)    | 35.2     |

Source: JICA study team

In case of benefit increase or cost reduction, economic viability improves significantly. The main cause of benefit increase is the increase of visitors inflow and their expenditure. However, there is a certain relationship between visitors increase and cost by item. In general, investment for infrastructure and facilities are required to receive visitors increase, and effective tourism promotion attracts more visitors. But there is not any substantial data for quantitative analysis for the effects of the tourism promotion.

Therefore, sensitivity analysis by combination of cost increase and benefit increase is conducted to clarify cost capacity for benefit increasing. If 5% increase of cost generate 10% increase of benefit, the future EIRR will be 16.6% and economic viability will improve. In order to ensure economic viability with 20% of benefit increase, total cost is allowed 10% increase. Hence, further efforts to attract more tourists is required for sound growth of the tourism sector

**Table 4. 27 Sensitivity analysis of EIRR by cost and benefit increase**

| Cases         | Cost: +5% | Cost: +10% | Cost: +20% |
|---------------|-----------|------------|------------|
| Benefit: +20% | 25.2 %    | 20.4 %     | 12.4 %     |
| Benefit: +10% | 16.6 %    | 12.4 %     |            |
| Benefit: +5%  | 12.4 %    |            |            |

Source: JICA study team

---

#### 4.6.4. Financial analysis

##### (1) Objectives of the analysis

A primary analysis from the financial view points is executed in order to promote private investments for visitor facilities and public investments for construction of infrastructure. The financial analysis is conducted for the following objectives:

##### a. Propriety of public investment for infrastructure

The propriety of public investment is to be evaluated by the revenue and expenditure ratio (R/E) with the assumption of an 8.5% discount rate, which is supposed to be an opportunity cost of capital in general. A project is feasible from the financial viewpoint when R/E ratio is larger than 1.0.

##### b. Profitability of private investment

An financial internal rate of return (FIRR) indicates the viability of projects from the financial profitability. A project can be expected to be executed by the private sector when FIRR is larger than the sum of interest rate and desired profitability, which are supposed to be 20% in Mexico excluding price escalation. The FIRR is estimated with a simple model.

##### (2) Major assumptions of financial analysis

Major assumptions used for financial analysis are as follows.

##### a. Hotel arrivals and unit expenditure of tourists

The number of hotel arrivals and unit expenditure of visitors are assumed as the same as those in economic analysis, though the conversion rate to economic costs and the self sufficient rate are not used.

##### b. Infrastructure costs

The costs for the public sector are composed of operation and maintenance, and depreciation cost.

All infrastructure is assumed to be constructed and operated by the public sector, though there are variations of management .

##### c. Tax

The revenue for public sector is taxes. In this analysis, two kinds of taxes, value added tax (IVA) and business income tax (ISR), are taken into account. Hotel tax is supposed to be used for promotion activities, therefore the tax is not counted as the revenue.

##### d. Revenue for private sector

The revenue for the private sector is calculated as follows.

Revenue = (increment of number of hotel arrival) x (unit consumption) x (1-consumer tax rate)

##### e. Cost of the private sector

The costs of the private sector are composed of operation and maintenance, depreciation, promotion costs and interest and business income tax.

The operation and maintenance cost is estimated as 53% of tourists expenditure due to the high level of self sufficiency rate in Jalisco.

The depreciation cost is assumed to be one fifteen of investment of tourism facilities including hotels, though the depreciation cost of infrastructure is assumed to be one thirtieth of these investments.

Concerning promotion costs one third of promotion cost proposed is counted to be the costs of private sector. But if the hotel tax exceeds the whole promotion cost, the burden by private sector is assumed to be zero.

Business income tax is calculated by multiplied the profit after reducing interest payment. The rate of business income tax is assumed to be 34%. If there is cumulative loss no business income tax is charged.

#### **f. Land acquisition cost**

The land acquisition costs are added to the investment costs proposed in the lists of implementation Land acquisition costs against each investment cost are assumed as follows.

- High rank hotel 4.2 %
- Middle rank hotel 2.9 %
- Low rank hotel 1.1 %
- Other facilities 5.0 %
- Infrastructure 10.0 %

Concerning land acquisition costs the residual value in 2011 is all of the invested amount from 1996 to 2010 because the depreciation cost of land is not considered generally.

Half of investment costs by private sector including land acquisition costs is assumed to be loaned by banks in the first year of each phase. The loan conditions are as follows.

- Repayment year: 10 years with 3 years grace period
- Interest: 16 % per year
- Land acquisition is also assumed to be done in the first year of each phase.

In order to calculate financial rate of return (FIRR), the investment costs including land acquisition cost, maintenance and operation cost and promotion costs burdened by private sector are considered for expenditure.

### **(3) Results of financial analysis**

#### **a. Revenue and expenditure ratio (R/E)**

The revenue and expenditure ratio (R/E) of public sector for the Los Cabos tourism region is 1.03 in case of discount rate is 8.5%, which is not sufficient but viable.

#### **b. Financial internal rate of return**

The financial internal rate of return (FIRR) of private sector is 19.2%. A sensitivity analysis was made as shown in Table 6.x based on the base case of 19.2 %.

**Table 4. 28 Financial internal rate of return (FIRR)**

| Cases of sensitivity analysis  | FIRR (%) |
|--------------------------------|----------|
| Base Case                      | 19.2     |
| Increase of Revenue (+20%)     | 29.7     |
| Decrease of Revenue (-20%)     | 5.8      |
| Increase of Expenditure (+20%) | 8.3      |
| Decrease of Expenditure (-20%) | 32.0     |

Source: JICA study team

If the business income tax is counted for expenditure, FIRR becomes 16.3%.

In order to check whether the proposed investment plan is optimum or not, the sensitivity analysis of investment for hotels and/or other facilities are done as follows.

**Table 6. x      Sensitivity analysis of FIRR by private investment of hotels or other facilities**

| Private          | -10 %  | 0 %    | +10 %  | Hotel |
|------------------|--------|--------|--------|-------|
| +10 %            | 21.0 % | 19.6 % | 18.4 % |       |
| 0 %              | 20.7 % | 19.2 % | 18.0 % |       |
| -10 %            | 20.3 % | 18.9 % | 17.6 % |       |
| Other facilities |        |        |        |       |

Source: JICA study team

In the Puerto Vallarta tourism region, investment plan with less hotels and more other facilities is more suitable from the financial view point under the assumption that the demand elasticity is 0.5.