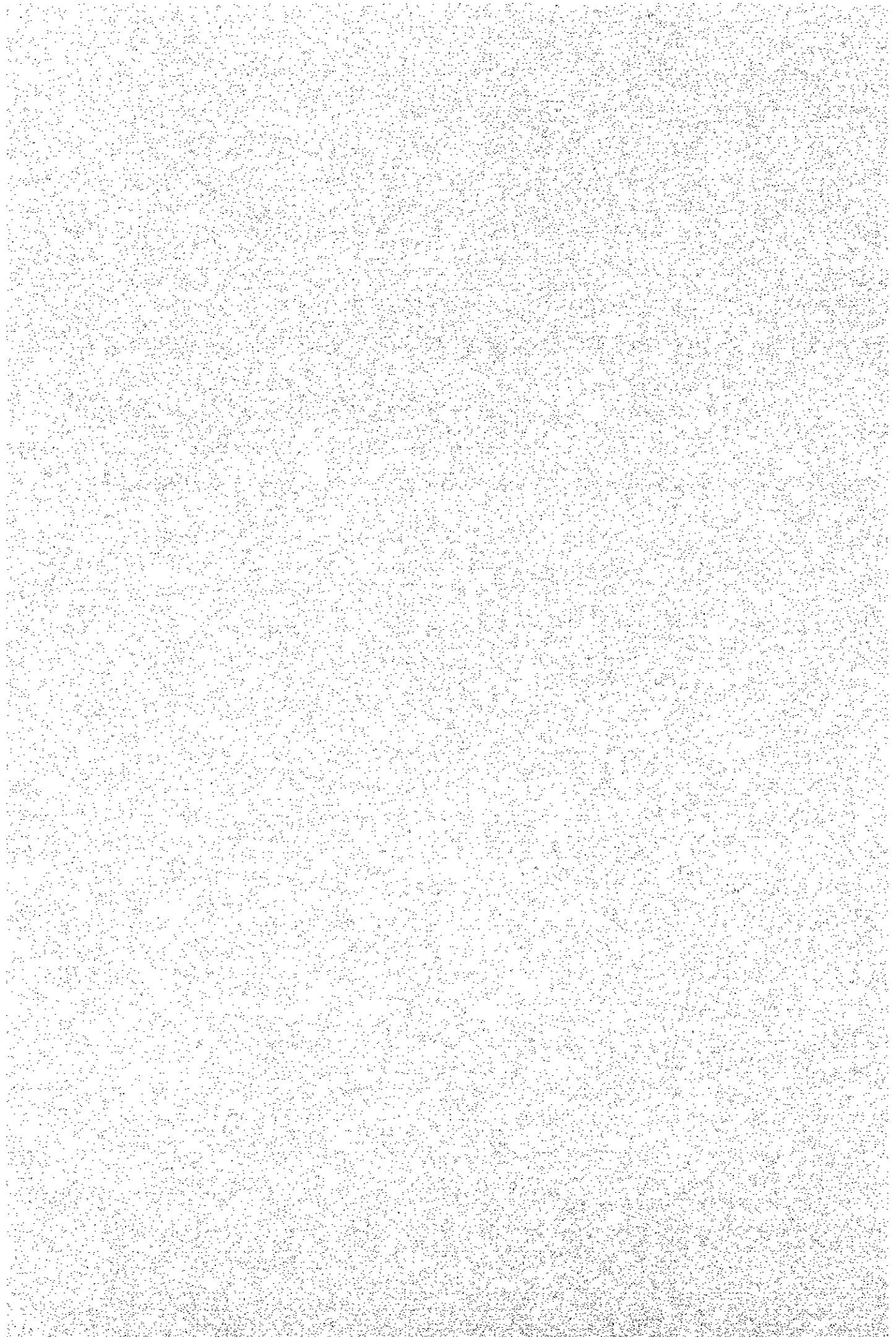


Appendix -2:

A.5. General conditions of Acapulco



A.5. General conditions of Acapulco

A.5.1. Profile of Acapulco

A.5.1.1. Natural and social conditions

Guerrero state

The type of climate is according to Koppen method of classification:

Climate in Guerrero is tropical and wet, with rainfalls in summer (Aw type), because it is in coastal areas. However, the zones of influence of these centers, towards the interior of the continent, have different climate characteristics, that go from wet, moderate climate, with rainfalls in summer (Cw type) to dry, steppe-type climate (BS type).

The Guerrero state has a territory of 64,000 square km, with 500 km of coastline on the Pacific coast. The population in the state was around 2,620,637 in 1990 with a growth rate of 2.2% annually. The state had GRDP of \$ 16.52 million and GRDP per capita of \$ 6,304. The GRDP per capita was 3rd lowest among the states in Mexico.

The State has three designated tourism centers. A study by FONATUR gave the highest point of tourism attractiveness to the state. Visitor arrivals in the state of Guerrero were 4.3 million in 1994, of which Acapulco constitute 86%, Ixtapa-Zihuatanejo 8%, and Taxco de Alarcon 4%.

A new link was established between Acapulco and Mexico City by a newly constructed superhighway. As a consequence, Acapulco experienced an increase of domestic weekend visitors. Another link is to be constructed between Acapulco and Ixtapa, which is due to complete in 1998.

The tourism sector constitute 41.6% of the gross regional domestic product of the state, and is the most important economic sector in the state.

Acapulco

The annual mid-temperatures is 27.6°C, and annual rainfalls is 1,415.0 mm in Acapulco.

In 1990, the population in Acapulco de Juarez is 593,212 inhabitants.

The percentage of tertiary industries, that include tourism services, was analyzed. In Acapulco, this percentage is clearly higher(27.5) than the average of the State, clearly showing the employment characteristics of a tourism center:

Table A.5. 1 Profile of Acapulco

Natural conditions				Socio-economic conditions		
(1) Climate type of the State		Coastal area: Aw Inland area: AC, C and BS		(1) Name of municipality	Acapulco de Juarez	
				Area (km ²)		
(2) Temperature and rainfall				(2) Population	Persons	AAIR (%)
Observ. stn.	Acapulco			1994		
	Temp.(°C)	Rain.(mm)		1990	593,212	3.8
Jan	26.2	7.1		1980	409,335	5.5
Feb	26.3	0.7		1970	238,713	
Mar	26.7	0.7		(3) Employment; 1990	Persons	Comp.(%)
Apr	27.2	2.9		Total	181,989	
May	28.5	30.8		Primary	13,426	7.4
Jun	28.4	325.2		Secondary	32,787	18.0
Jul	28.6	220.0		Tertiary	127,570	70.1
Aug	28.7	251.6		n.c.	8,206	4.5
Sep	27.9	366.4		Difference*		27.5
Oct	28.0	163.9		Note:	Aw=Calido subhumedo con lluviaa en verano, BS=Semisco	
Nov	27.6	38.1		Source:	SECTUR	
Dec	26.6	7.6				
Ave./total	27.6	1,415.0				

Source: SECTUR

A.5.1.2. Past visitor inflows

Table A.5. 2 shows the changes in visitor inflows corresponding to main destinations.

Table A.5. 2 Profile of the survey areas (Visitor inflows)

Tourist inflow (1000 persons)			
Survey areas	Acapulco		
1994p	1,617.0	313.1	1,930.1
1990	1,049.2	417.1	1,466.3
1985	1,094.6	522.2	1,616.8
1980	754.3	629.8	1,384.1
1975	807.8	667.7	1,475.5
	Ixtapa		
1994p	215.7	92.2	307.9
1990	191.5	109.3	300.8
1985	196.7	114.7	311.4
1980	155.5	51.8	207.3
1975	21.0	12.5	33.5
	Taxco		
1994p	87.7	65.3	153.0
1990	99.7	77.0	176.7
1985	91.5	63.4	154.9
1980	92.3	153.8	246.1
1975	*102.8	*90.6	*193.4
			*1976 data
Passengers by airplane (1994p, 1000 persons)	Acapulco		
	Domestic	Intern'l	Charter
Passengers	573.8	126.2	68.7
Comp.(%)	75	16	9

Source: SECTUR data

A.5.1.3. General development plan

Regional development plans for six years including the tourism have been formulated by State within the same framework to benefit the States, and are described in this section.

(1) Regional development plan of Guerrero (1993 - 1999)

a. General objectives and actions

The objectives of the Development Plan of Guerrero are:

- 1) to improve living standards of the majorities,
- 2) to increase income and employment, productivity and exports,
- 3) to promote equal development among sectors and regions, groups and activities,
- 4) to strengthen the economic sector, mainly infrastructure
- 5) to modernize services, and
- 6) to preserve ecological balance.

In order to fulfill above objectives, the State has set actions so as

- 1) to improve income and employment at a higher rate
- 2) to develop primary and secondary sectors, for which development infrastructure must be strengthened, as well as the economic structure (service level is 70%),
- 3) to strengthen the tourism sector, and sectors that lack infrastructure
- 4) to modernize services and increase productivity,
- 5) to improve the natural environment and increase visitor flows,
- 6) to promote tourism awareness among population,
- 7) to ensure production of handicraft and their growth and promotion in national and international markets,
- 8) to improve living standards with enhancement of public services,
- 9) duties will be delegated upon municipalities.

Water supply

Concerning water supply, the Development Plan of Guerrero, has the following objectives: 1) to enlarge the coverage of the supply of water, 2) to promote rational use of water, 3) to improve the supply in communities, and 4) to enlarge and maintain sewerage system.

To execute these objectives, the plan has the following programs and actions: 1) with the National Commission of water, to explore and exploit water sources, and carry out studies and projects, and to finish La Laja dam, 2) finish works in Iguala, Buenavista de Cuellar, Pungarabato, Taxco, and Chilpancingo, and attend 81 rural locations, 3) transfer to Municipal Governments the operation of systems, and ensure efficiency in operation and administration of organisms in charge, 4) involve citizens in projects: improve service, 5) foster the development of projects for drinking water and sewerage in communities, middle - size cities, and in tourism centers.

Transportation and communication

The objectives for transportation and communication are:

- 1) to enlarge and consolidate land, air and sea transportation, so as to guarantee efficient national and international communication.

-
- 2) to promote and improve the telecommunications and post service networks, mainly in rural areas.

To execute these objectives, the following actions will be undertaken:

- 1) to enlarge and preserve the network of all roads in State, and start the construction of the highway Acapulco-Zihuatanejo,
- 2) to strengthen and modernize land transportation of passengers promote the construction of bus stations, mainly Iguala and Ciudad Altamirano,
- 3) to preserve infrastructure and equipment of airports in Acapulco and Zihuatanejo, as well as of 19 local landing strips,
- 4) to foster enlargement and consolidation of freight transportation by land, and modernize freight and passenger transportation in North of State,
- 5) to promote the coordination of this sector with productive activity, so as to facilitate transportation of inputs and products, and hence regional economic growth,
- 6) to promote the finishing of the fishing port "Vicente Guerrero",
- 7) to promote the participation of citizens in promoting and executing projects, and in supporting Municipal Governments in the implementation of road programs, mainly in principal cities,
- 8) to promote the enlargement of radio and television coverage, and to increase post, telephone, and telegraph services.

Natural environment

In this regard, the objective is to control actions against ecological balance, so as to ensure regeneration capacity of natural resources. The programs and actions to execute the objectives are:

- 1) To promote sectional and regional coordination at Municipal and civil society levels, so as to control compliance with ecological norms and monitor natural resources preservation,
- 2) To design specific programs to (a) improve quality of drinking water, establish water treatment plants in Taxco, Iguala, Chilpancingo and Acapulco, (b) to control the use of chemicals and promote organic agriculture, (c) to reforest and preserve the land, (d) to promote national and international financing for preservation of ecological system.

(2) Tourism development plan of Guerrero (1993 -1999)

a. Strategy policy framework

Development policies that pertain to the tourism sector and can be considered as strategic policy are summarized as follows;

Target growth of 1,011,600 in 2000, and 1,334,100 international visitor arrivals in 2010;

Target growth of 3,976,600 in 2000, and 7,277,100 domestic visitor arrivals in 2010;

Target average length of stay of 5.3 days for international and 3.2 days for domestic visitors;

Target average spending per day of international visitors to US\$ 166.00 (assumed) to gain revenues of US\$ 1,173 million by the end of 2010;

To induce regional development and integrate tourism into the overall development of the State

Target number is referred to study by FONATUR (Programa de infraestructura para areas de desarrollo turistico) edited in July, 1993.

(3) Tourism development plan of Acapulco municipality

a. Objectives

General objectives of the Municipal Government of Acapulco will pursue:

- 1) Reinforce legal framework and democracy,
- 2) Enhance economic activities, tourism in particular, and
- 3) Improve living standard.

For tourism sector, objectives are two fold; 1) sustained growth and 2) improve income distribution

b. Strategy policy framework

Development policies that pertain to the Tourism sector and can be considered as strategic policy are summarized as follows;

Target growth of 460,000 in 2000, and 528,300 international visitor arrivals in 2010;

Target growth of 2,353,200 in 2000, and 4,363,400 domestic visitor arrivals in 2010;

Target average length of stay of 5.8 days for international and 3.4 days for domestic visitors;

Target average spending per day of international visitors to US\$ 166 (assumed) to gain revenues of US\$ 50.8 million by the end of 2010;

Target number is referred to study by FONATUR (Programa de infraestructura para areas de desarrollo turistico) edited in July, 1993.

A.5.1.4. Infrastructure

Existing situation and future plan are summarized in Table A.5. 3 and Table A.5. 7.

It seems that there are no serious obstacles for tourism on the whole.

Table A.5. 3 Airport facilities and capacity of Acapulco (1)

Elements	Unit	Capacity	Existing 1993	Demand (High Estimate)			
				1995	2000	2005	2010
Runway	OP/Hr	38	15	17	20	22	24
Platforms	Posic.Sim	15	8	8	10	11	12
Building	Pass./Hr	1,630	1,084	1,177	1,364	1,530	1,641
Parkings	Lot	230	193	209	255	280	316

Note: 1.Platforms, Buildings & Parkings are for Commercial use only in this Table.

Source: Sistem Estadistico Aeroportuario,1994, ASA.

Table A.5. 4 Airport facilities and capacity of Acapulco (2)

Access to City Center Distance / time Taxi & bus service	A	(2 lanes Federal Road). 25 km/ 30 min.
Airport Facility Runway operable Aircraft Operation Hour Terminal Building.	A	3300m x 45m, 1700m x 35m x 1. B-747 24 hrs. 19,560 m ²
Capacity and Demand. Runway Platform Building Parking	A A B B	(enough) (enough) (increasing is required after 2010) (increasing is required after 2000)
Future Improvement Plan. Main Improvement	M/P 1992 (1992-2010)	Increasing of Platform and Buildings.
Project Cost (Millions \$) (up to 2010)		150

Note: The signs mean as follows: **A**/good and/or enough, **B**/some improvement is required in near future. **C**/improvement and/or countermeasure is required soon.

Table A.5. 5 Road facilities and capacity of Acapulco

Principal Road Condition around Tourism Site	A	- Federal No 95 (4 lanes) toll road very good, however expensive. - Federal No 95 (2 lanes) (freeway) good however steep and curve. - Federal No 200 (2 lanes) good.
Urban Area Road Condition	B	- On the whole, good however, in some part of the city road improvement is required correspond to urbanization.
Signals & Roads Signs	A	- As a whole, good further completion is required as to signals in urban area and road signs for visitors.
Connecting Road to Major cities.	-	To Mexico Fed. highway 388 Km. (Toll road) (4:50 hrs)
Future Plan	-	Acapulco-Zihuatanejo. Highway construction. (of 2 to 4 lanes 223 Km.)

Note: The signs mean as follows: **A**/good and/or enough, **B**/some improvement is required in near future. **C**/improvement and/or countermeasure is required soon.

Table A.5. 6 Other transportation facilities

Bus Service (Long Distance Tourist Bus)	Service Level	A	(Many Routes/OP)
	No. of Routes.		27
	No. of Operating Company		6
	No. of Operations/day		188
	Major Destinations.	México	93
	No. of Operations/day	Chilpancingo	20
		Lázaro Cardenas	13
		Cuernavaca	10
Cruiser.	No. of Embarkation 1994.		132
	No. of passengers in 1994		162,750
	Max No. of Embarkations in past.		163 (in 1985)
	Max No. of Passengers in past.		162,750 (in 1994)

Note: The signs mean as follows: **A**/good and/or enough, **B**/some improvement is required in near future. **C**/improvement and/or countermeasure is required soon.

Table A.5.7 Supporting infrastructure

Electrical	Service coverage is 92% in Mar.1990 (112,680 per 122,622 households)
Water	Service coverage is 71% in March 1990(87,389 per 122,622 households)
Telecommunication	No. of cellular-phone subscribers are 2,100 in end of1993

A.5.1.5. Tourism promotion activities

Following tables show the inventory of tourism promotion activities conducted by Fondo Mixto in Acapulco.

Table A.5.8 Inventory of promotion activities

Year of establishment	1991	
Members		
SECTUR	X	
STATE GOVERNMENT	X	
PRIVATE SECTOR		
Hotel association	X	
- No. of member hotels	200	
- No. of non-member hotels	50	
Restaurant association	250	
Travel agencies association	30	
Financial institute	1	
Others	469	
FONATUR	-	
OTHERS		
Budgets in total (1,000 Pesos)		
	1991	19,759.0
	1992	11,855.0
	1993	11,855.0
	1994	19,265.0
	1995	12,851.0

Source: Compiled by JICA study team

Table A.5. 9 Inventory of promotion activities (for the international market)

	Amount (1,000 Pesos)
Advertisement in newspapers or magazine	1,420.3
Campaign on TV and/or Radio	248.0
Participation in travel trade show	443.0
Seminar or presentation	170.5
	Amount (1,000 Pesos)
Familiarization trip for travel agents	59.1
Familiarization trip for mass media	30.1
Press release	124.1
	Amount (1,000 Pesos)
Production of printed materials	147.3
	Amount (1,000 Pesos)
Support to events (sports, festival, etc.)	1,106.4
	Amount (1,000 Pesos)
Others	858.5

Source: JICA study team

Table A.5. 10 Inventory of promotion activities (for the domestic market)

	Amount ('000 N. Pesos)
Advertisement in newspapers or magazine	789.3
Campaign on TV and/or Radio	78.4
Seminar or presentation	208.8
Familiarization trip for mass media	20.0
Press release	60.0
Production of printed materials	539.3
Support to events (sports, festival, etc.)	20.0
	Amount ('000 N. Pesos)
Others	256.2

Source: JICA study team

A.5.1.6. Tourism administration and institution

(1) State level

The tourism administration and institution of Guerrero state government level at the present are summarized in Table A.5. 11. The followings are general outline of them:

Guerrero state has its own tourism section in its government.

Guerrero state has an unique organization that is a company to clean the beaches and sea surface in Acapulco. This efforts are to be referred by other destinations of which beaches and sea has been or will be deteriorated.

Guerrero state is following the Federal Tourism Law, because it does not have its own laws or guidelines for tourism development.

And for the tourism development, Guerrero state has its own organization, PROTUR which is the same as FONATUR.

For the tourism education or training, Guerrero state has courses in some levels in the state for the higher management level to basic level.

Table A.5. 11 Inventory of tourism administration (State level)

Name of the department or section for the tourism administration	SEFOTUR	
Other Organizations related to Tourism Administration	Name	Administradora de Instalaciones Publicas de Playa S.C.
	Activity	Cleaning the beaches and sea surface
Governmental or sem-governmental organization of the state related to tourism development	Name	PROTUR
	Activity	Various Land Development, etc.
State laws, guidelines, etc. on tourism Development	No specific law	
Specific income sources (i.e. tax) related to tourism	Water tax from Hotels	
Training and education system to tourism (No. of facility and students)	Superior level	5
	Medio-superior	7
	Bacico	1

Source: JICA study team

(2) Municipal/destination level

Table A.5. 12 shows the existing tourism administration and institution in the municipal or destination level. The followings are outlines of them:

Acapulco municipality has respective sections for the tourism administration in their organization. There also is another organization just like tourism council for the consultation and technical support for the private sector.

They have no specific tourism sub-laws or guidelines after the Federal Tourism Law and no specific income source from and to the tourism developments.

For the system of the tourist police, it has been organized in Acapulco.

In Acapulco municipality, there are five associations of hoteliers, restaurants, and travel agencies/land operators in each area.

A principle tourism education is conducted in the primary and secondary schools using a textbook prepared by SECTUR to teaching pupils the significance of the tourism.

Table A.5. 12 Inventory of tourism administration (Municipality and destination level)

Name of the department or section for Tourism Administration		Direccion General de Turismo
Other Organizations related to Tourism Administration	Name	Administradora de instlciones Publicas
Tourist police		Yes
Municipal laws, guidelines on tourism Development		No specific law
Specific income sources (i.e. tax) related to tourism		No specific income source by tourism
Numbers of Associations and their members (in number)	Hoteller	5 Association by area
	Travel Agency	N.A.
	Restaurant	N.A.
Training and education system		N.A.

Source: JICA study team

A.5.1.7. Social issues

(1) Population and labor force

a. Internal migration

In Mexico, over 4 million or 5% of population migrated from 1985 to 1990. Among the states which cover six tourism destinations, Quintana Roo, Jalisco and Baja California Sur were net in-flow, while Guerrero, Oaxaca and Sinaloa were net out-flow.

In Guerrero, out-flow of migration exceeds than in-flow. Net out-flow of migration is 80 thousand in Guerrero. These numbers were the second following Federal District (population of Federal District decreased from 1985 to 1990 due to heavy damage by earthquake in 1985).

Guerrero State was net out-flow of migration, but Municipality of Acapulco de Juarez is attracted the most number of migrants in the state.

b. Population structure

Pre-school and school age population

The national average of school age population (14 years-old or less) ratio is 38.3% in 1990. This ratio in Acapulco is 38.1%.

The population ratio of 5 years-old or less is 12.5% in national, and Acapulco de Juarez are same level.

Indigenous population

In Mexico, indigenous population is estimated as 8.7 million or 10.7% of total population in 1990. In Guerrero State, ratio of indigenous population is over the national average, but it is only 1.3% in the Municipality of Acapulco de Juarez.

c. Labor force

National total economic activities population is 24 million or 43% of 12-years and over population. Among this economic activity population, 660 thousand or 2.7% are unemployment.

In Acapulco, participation rate of economic activities is higher than national average. However unemployment ratio of the Municipality of Acapulco de Juarez is same level of national average.

(2) Housing conditions and development

The availability of basic services in the Mexican homes has increased. Of every ten houses, 9 have electricity, 8 have safety water and 6 have sanitary facilities.

In Acapulco, some services are better and some services are poorer than national average.

Rapid growing of tourism causes un-planned urban expansion because many people come to find job in tourism and related industries. In many cases, they are poor and start live on cheap land which do not have enough basic services.

Acapulco is the oldest and large traditional tourism destination in Mexico. Same as in Puerto Vallarta, hill areas are spread along coast line. In order to keep view from beach area, illegal houses on hill area were removed and people were settled in new developed area behind the hill.

National road runs through the hill area and public facilities, markets and rich houses are located along the road. In these area, water, electricity and sewerage systems are developed. There are a few poor conditioned houses but not noticeable by visitors.

However, in upper area of the road, many people live with lack of waste water treatment. Waste water is discharged to road side directly and some houses do not have sanitary facilities.

(3) Social services

In Mexico, social security institutes provide health and medical services for their members, covered ratio is 55%. The rest of population receive health service from Ministry of Health and Ministry of Social Development.

In Acapulco, these institutes have own hospitals and cover around 77% of population.

(4) Participation of local peoples in the tourism promotion

Not only engaging in the tourism industry, local peoples are working to promote tourism in their areas.

Acapulco organizes Acapulco Tourist Assistance Program (APTA) which is composed of young and well-educated persons. Most of them are students at the local tourism college and providing assistance and orientation to visitors.

(5) Participation of local peoples in tourism/recreation activities

Main beach in Acapulco is long and main road is running along the beach. Many hotels are located on beach side but they don't interrupt for general people to access the beach, because many small paths are connecting the main road and beach.

And also there are Fun Caleta Beach in north and Puerto Marques in south, at where many local visitors are enjoying.

Table A.5. 13 1990 population in Acapulco by living place in 1985

Municipality of Acapulco de Juarez	
Total	520,186
Same State (Guerrero)	498,390
Out of the State	17,376
Federal District	5,867
Oaxaca	2,207
Mexico	2,135
Morelos	1,045
Veracruz	1,041
Michoacan	765
Puebla	584
Others	3,732
Out of Mexico	485
Not Specified	3,935

Source: National institute of statistics, geography and informatics

Table A.5. 14 Population by age structure and indigenous groups in Acapulco

	Population by Age Group					Indigenous Population(5-)
	Total	0-5	6-11	12-14	15-	
Municipality of Acapulco de Juarez	593,212	73,026	105,220	47,931	367,035	6,526

Source: "Annual statistics, 1994" of Guerrero state, INEGI

Table A.5. 15 Labor force in Acapulco

	Population 12 yrs.+	Economic Activity Population	Working Population	
			Total	Restaurant & Hotel
Municipality of Acapulco de Juarez	414,966	186,946	181,919	28,115

Source: "Annual statistics, 1994" of Guerrero state, INEGI

Table A.5. 16 Housing conditions in Acapulco

	Percentage of Houses with Service of		
	Water	Electricity	Sewerage
Municipality of Acapulco de Juarez	71.3%	91.9%	62.1%

Source: "Annual statistics, 1994" of Guerrero state, INEGI

Table A.5. 17 Gross enrollment ratio of school and covering ration of social securities in Acapulco

	Number of Students in 1992		Covering Population of Social Security
	Primary	Secondary	
Municipality of Acapulco de Juarez	106,805	36,154	456,673

Source: "Annual statistics, 1994" of Guerrero state, INEGI

A.5.2. Prospects for Acapulco

This section discusses the prospects for, and constraints of Acapulco and Guerrero State. The development prospects presented in this section for the alternative studies in the next section therefore includes full possibilities of respective destinations.

A.5.2.1. Development framework

About 8.9% of the total visitor arrivals to Mexico, or 8,632,000 visitors (7,479,000 domestic and 1,153,000 foreigners) are expected to visit Acapulco, Ixtapa, and Taxco in the years 2010. (refer to Table A.5. 18)

Table A.5. 18 Target number of visitor arrivals to Guerrero state

(Unit: thousand)

Municipality	Domestic					International				
	1993	1994	2000	2005	2010	1993	1994	2000	2005	2010
Acapulco	2,588.7	1,617.0	2,363.0	3,258.0	4,153.0	781.9	313.1	388.0	462.5	537.0
Ixtapa-Zihuatanejo	244.2	215.7	409.0	767.0	1,125.0	94.0	92.1	156.0	253.0	350.0
Taxco	87.1		129.0	178.0	227.0	70.0		97.0	121.5	146.0
Others			484.0	772.5	1,061.0			156.0	168.0	180.0
Sub total	2,920.0	1,832.7	3,385.0	4,975.5	6,566.0	945.9	405.2	797.0	1,005.0	1,213.0

Note: 1993 =INEGI state statistic report, 2000 ,2005 and 2010= JICA study team

Source: JICA study team

Table A.5. 19 Accommodation requirement in Guerrero state

(Unit: rooms)

Municipality	Existing rooms by category (1993)									2000	2005	2010
	CEs	GT	5	4	3	2	1	CEc	Total			
Acapulco	1,742	2,463	2,943	4,127	3,341	2,093	745	1,249	18,703	20,151	23,301	25,533
Ixtapa-Zihuatanejo	428	589	1,493	1,205	111	144	60	420	4,450	5,462	7,296	8,556
Taxco	-	-	306	122	241	139	12	12	832	1,326	1,907	2,489
Others	-	-	-	-	-	-	-	-	-	1,133	3,325	6,750
Sub total	2,170	3,052	4,742	5,454	3,693	2,376	817	1,681	23,985	28,072	35,829	43,328

Note: 1993 =INEGI state statistic report, CEs=special class, GT=gran turismo, CEc = economy class

Source: JICA study team

A.5.2.2. Marketing prospects

(1) Destination concept

- Long-established destination with first class hotels and excellent entertainment and gourmet.
- Acapulco should be a contrasting alternative to Huatulco that is for more nature-oriented visitors.

(2) Target markets

- Domestic visitors from Mexico City and other inland population centers in the central highland.
- General interest tourists who would like to combine a beach holiday with sight-seeing of inland historical cities such as Taxco, Mexico City and Oaxaca, and archaeological sites such as Teotihuacan and Monte Albán.
- Short-term high-spending visitors from the short-haul market.
- Expatriate residents in Mexico city.

(3) Marketing strategies

- Maintain its good-old characteristics of its own by conserving urban and natural environment.

- Establish a touring circuit that covers Huatulco, Oaxaca, Puebla, Mexico City and Taxco to attract more visitors from long-haul market.
- Create the Acapulco-Huatulco Resort Belt to extend the resort area and cater for different types of visitors.
- Put more importance on convention and incentive markets
- Publicize its efforts to conserve the nature and urban amenity to restore the resort image.

A.5.2.3. Tourism development prospects

(1) Tourism structure at the state level

Acapulco, Taxco and Ixtapa-Zihuatanejo are designated tourism centers by the state to form Triangle of the Sun.

Acapulco and Zihuatanejo are major cruiser destinations in Mexico.

The state has conducted a preliminary study of tourism with three stages of development. It plans to improve the following tourism corridors:

- Acapulco - Zihuatanejo,
- Zihuatanejo - Petacalco,
- Zihuatanejo - Ciudad Altamirano,
- Ciudad Altamirano - Iguala,
- Acapulco - Caracol,
- Mezcala - Caracol,
- Chilpancingo - La Montana,
- Acapulco - Punta Maldonado.

The central highway of Mexico City - Iguala - Chilpancingo - Acapulco connects the state to other neighboring states.

This State has 13 tourism projects and 5 transportation projects, most of which are located in Acapulco.

(2) Tourism structure of Acapulco

In 1975, the number of hotel rooms was 13,800; by the end of 1994, the number increased to 17,647 hotel rooms in Acapulco.

Tourism is the main economic sector in Acapulco. It is a beach destination and has the most important tourism facilities in Mexico including fully equipped marine port facilities. The state government established the Administradora de Instalaciones Publicas de Playa S.C. in 1988 to maintain its beautiful coastal area.

Acapulco is not only a coastal tourism destination; it also provides urban tourism.

Acapulco is divided into several parts, with its own characteristics. Old Acapulco and Playa Caleta areas are old centers of Acapulco located on the east side of the bay. They still retain a nostalgic atmosphere. Costera Miguel Aleman stretches parallel to the shoreline of the bay, lined with high-rise hotels, shopping malls, restaurants, discos and beach amenities. Centro Acapulco and hillside residential areas are on the east end of Acapulco Bay.

The bay of Acapulco is almost developed. Hence tourism development must expand to New Acapulco located at the east of the existing center. Projected development includes Bahia de Puerto Marques, Acapulco Diamante, Diamante Country Club, Punta Diamante, Tres Vidas, Chautenco, Tres Palos, Coyuca, and Mitla I and II.

(3) Development strategies

The state has conducted a preliminary study to formulate a network structure of "Triangle of the Sun". The concept of inter-regional tourism development needs attention as an attempt to formulate a tourism network. Ixtapa will have a good

development opportunity in the future from the plan. Dispersion of accommodation is envisaged to the area between Ixtapa and Acapulco.

Acapulco will expand further if planned and on-going projects are completed. Restoring the image of Acapulco through beautification of urban areas is a prerequisite for the expansion. The state is also undertaking to develop not only the tourism sector but other industries such as fashion and design industries utilizing the good awareness of the name of Acapulco.

a. Strengthen triangle highway network

The road between Acapulco and Ixtapa/Zihuatanejo is under construction, and is expected to complete in 1998. The land transport link between Ixtapa/ Zihuatanejo and Taxco should be established to formulate the triangle that would offer a circuit with a wide variety of historical, cultural and natural tourism attractions.

b. Local roads

Improvement of local roads to tourism areas is needed to maintain and improve the image of the destination.

c. Acapulco airport improvement

Platform and terminal building facilities should be improved.

d. Air excursion links development

Iguala and Ometepe airports should be upgraded with a small passenger terminal to cater for air excursions.

e. Urban beautification in Acapulco

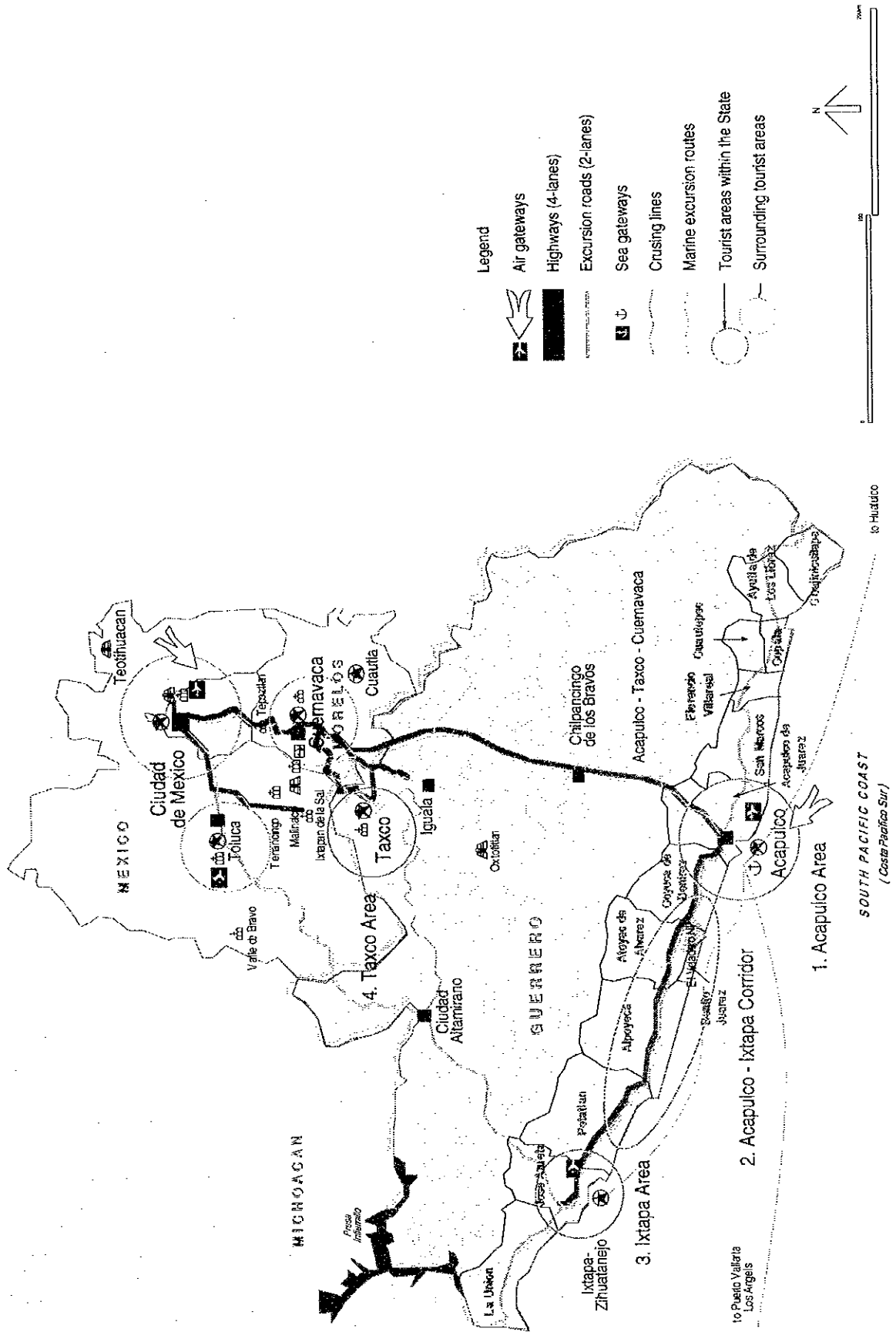
An Acapulco urban tourism development project should be undertaken. The project should include landscaping, lighting, outdoor furniture, tourist information, and color coordination of the buildings facing the main street.

f. Others

- Acapulco Fashion Communication Center
- Improvement of Acapulco Convention Center

Figure A.5. 1 shows tourism and tourism-related developments plans up to the year 2000. Figure A.5. 2 shows the full development possibilities in the state.

Figure A.5. 2 Tourism development possibilities in Guerrero state



A.5.3. Development scenario for Acapulco

This section discusses the adequacy of tourism development and promotion scenarios for Acapulco and Guerrero State. The study team has assessed alternative scenarios based on marketing and development prospects for Acapulco and Guerrero State as mentioned in former section.

A.5.3.1. Alternative scenarios

Three alternative scenarios are set for Acapulco and Guerrero State as follows;

(1) **Alternative 1; Concentration in beach development in Acapulco**

Concentrates most development efforts to the beaches along the coast of Acapulco to enhance the characteristics of the destination, and provides visitors with a more variety of attractions,

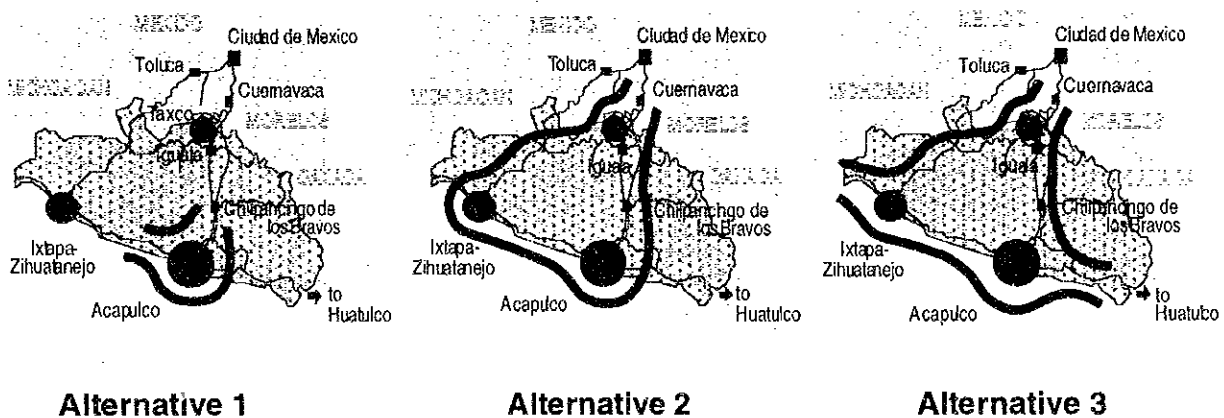
(2) **Alternative 2; Acapulco - Ixtapa - Taxco triangle development**

Develops the "triangle of the sun" connecting the three tourism centers which is identical to the state tourism development plan for tourism diversification, and

(3) **Alternative 3; Tourism circuit development**

Establishes a touring circuit that connects the major tourism centers outside the state such as Huatulco via Puerto Escondido in the eastern direction, and Puerto Vallarta via Manzanillo in the western direction.

Figure A.5.3 Alternative scenarios (Acapulco/Guerrero)



Source: JICA study team

A.5.3.2. Assessment of the alternatives

(1) **Tourism development aspect**

Acapulco, which is the primary tourism center in Guerrero has been developed since 1950s as a pioneer of traditional beach centers. Acapulco is expanding to the east of Old Acapulco such as the Bahia de Puerto Marques and Laguna Diamante areas. Acapulco stagnated during the past decade but its full potential is considered not to have reached.

Ixtapa/Zihuatanejo was developed by FONATUR as another beach center in the state, is located 200 km west of Acapulco though FONATUR's intermediates evaluation indicates that the goal of the development is not fully achieved. The state has another tourism center of Taxco which is a historical city and has an advantage in that it is located along the highway that connect Acapulco with Mexico City. The state has set a tourism development policy to formulate a tourism circuit connecting

the three tourism centers of Acapulco - Ixtapa/Zihuatanejo - Taxco to distribute tourism benefits to a wider area in the state

The Fondo Mixto of Acapulco launched a joint tourism promotion with the Fondo Mixto of Oaxaca aiming at the integration of the two tourism centers with different types of tourism products; the world-famous beach resort and entertainment of Acapulco and the historical, cultural and archaeological attractions in and around the Oaxaca city.

(2) **Tourism marketing aspect**

Major tourism attractions combined with Acapulco includes historical cities of Taxco, Mexico City and Puebla, as well as some archeological sites, most famous of which is Teotihuacan. One of the strengths of Acapulco is inexpensive access from the inland cities, which makes the domestic market important to Acapulco. Another strength for Acapulco is the availability of sophisticated night entertainment, which is more appreciated by the short-haul market rather than the long-haul.

Acapulco provides its visitors with various possibilities for touring while, on the other hand, it has the suitability for the short-haul market including North America and the domestic in terms of night entertainment and good access from the inland. Therefore Acapulco should chose the eclectic way as its development scenario.

(3) **Conclusion**

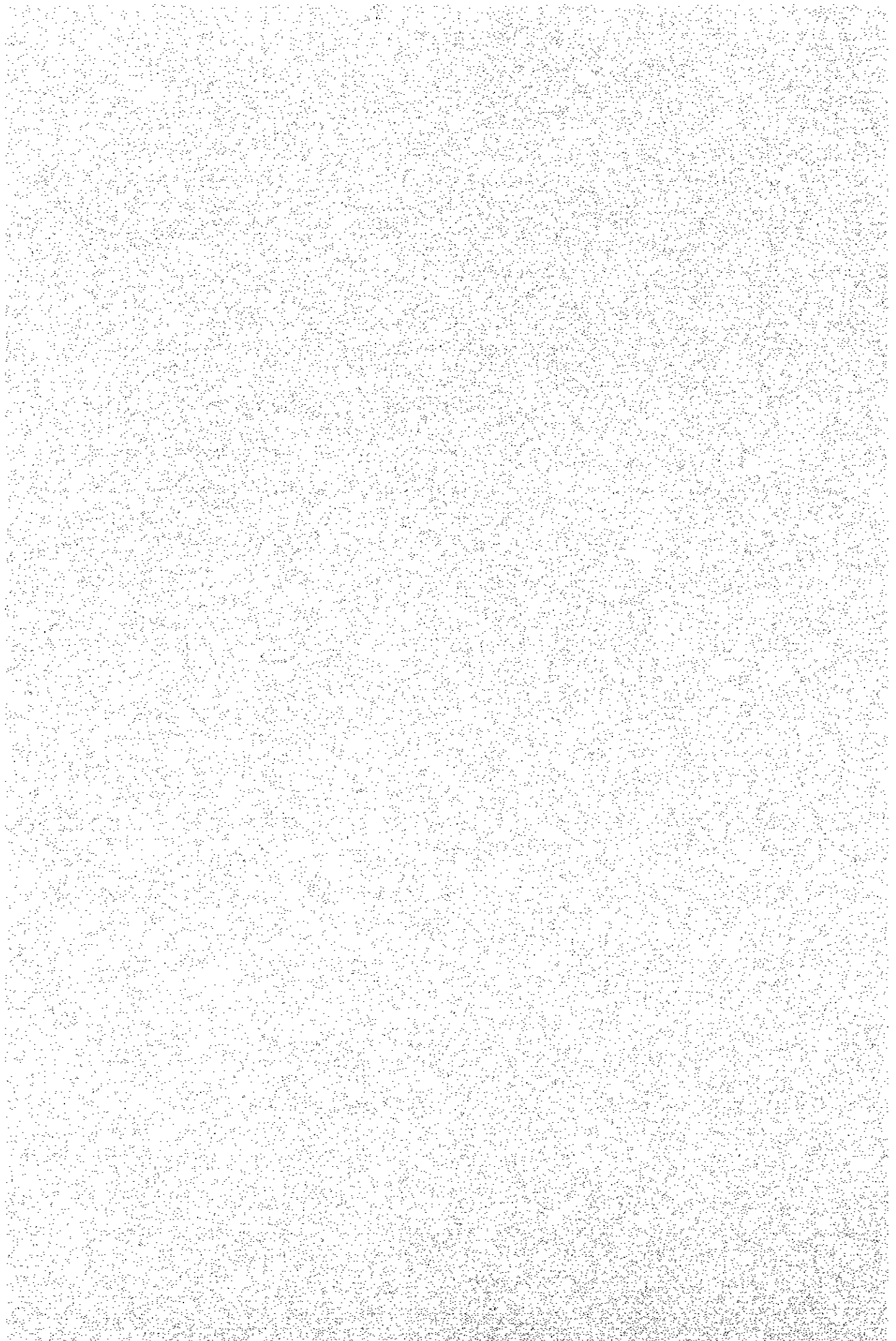
Above assessment shows **Alternative 2** is the most appropriate scenario for Acapulco (Guerrero state).

Summary of the tourism development and promotion issues of Acapulco (Guerrero state) for the target year of 2001 are as follows;

- To concentrate development efforts to formulate/enforce the triangle tourism circuit of Acapulco - Ixtapa/Zihuatanejo - Taxco,
- To enforce the image as an city of world-class entertainment city by renovating Old Acapulco and by improving the urban environment such as water supply, sewerage systems, waste disposal systems, population problems and so on.
- To develop and promote Taxco as a historical city toward the domestic market for day/weekend trip, as well as the international market,
- To promote Ixtapa/Zihuatanejo as an authentic beach resort by differentiating its characteristics from Acapulco,
- To create new tourism products along the corridors connecting the three tourism centers that formulate the triangle in order to increase visitor movement along the corridors,
- To establish a system for joint promotion by the Fondos Mixtos of Acapulco and Ixtapa/Zihuatanejo as well as other related organizations under the initiatives of SECTUR and the Guerrero state government, and
- To further enhance the existing joint promotion system by the Fondos Mixtos of Acapulco and Oaxaca.

Appendix -2:

A.6. General conditions of Huatulco



A.6. General conditions of Huatulco

A.6.1. Profile of Huatulco

A.6.1.1. Natural and social conditions

Oaxaca state

The type of climate is tropical and wet, with rainfalls in summer (Aw type; according to Koppen method of classification), because they are in coastal areas. However, the zones of influence of these centers, towards the interior of the continent, have different climate characteristics, that go from wet, moderate climate, with rainfalls in summer (Cw type) to dry, steppe-type climate (BS type).

Oaxaca state has a territory of 95,364 square km, with 500 km of coastline along the Pacific coast. Population in the state was 3,019,560 in 1990 with an annual growth rate of 2.5%. The state produces the GRDP of \$ 17.36 million, and per capita GRDP is \$ 5,749 which is the second lowest in Mexico.

Oaxaca is one of the least developed state in Mexico therefore requires economic development measures. The employment in the state was 754,305, of which the primary industry constitutes 53%. Agriculture, cattle raising, fishing and forestry are major industries which amount to 26.8% of its GRDP.

Huatulco

In 1990, the population of Santa Maria Huatulco is 12,645.

The percentage of tertiary industries, that include tourism services, was analyzed. In Huatulco, this percentage is 17.7 points higher than the average percentage of the State, clearly showing the employment characteristics of a tourism center.

Table A.6.1 Profile of Huatulco and Oaxaca (Regional conditions)

Population	Persons	AAIR (%)
1994		
1990	12,645	6.5
1980	6,760	1.8
1970	5,675	
Employment; 1990	Persons	Comp.(%)
Total	3,969	
Primary		35.8
Secondary		14.0
Tertiary		46.0
n.c.		4.2
Difference*		17.7

Source: SECTUR

A.6.1.2. Past visitor inflows

Table A.6. 2 shows the changes in visitor inflows main destinations.

Table A.6. 2 Profile of the survey areas (Visitor inflows)

Tourist inflow (1000persons)		Oaxaca (Total of two places)		
(1) State total		Domestic	Intern'l	Total
1994p		399.6	125.4	525.0
1990		420.1	152.2	572.3
1985		288.4	69.4	357.8
1980		196.5	96.7	293.2
1975		126.9	52.0	178.9
(2) Survey areas		Huatulco		
1994p		124.9	45.0	169.9
1990		77.3	41.7	119.0
1985		**10.7	**0.5	**11.7
1980				**1987 data
1975				
		Oaxaca		
1994p		274.7	80.4	355.1
1990		342.8	110.5	453.3
1985		288.4	69.4	357.8
1980		196.5	96.7	293.2
1975		126.9	52.0	178.9
Passengers by airplane (1994p, 1000 persons)		Huatulco		
		Domestic	Intern'l	Charter
Passengers		105.5	27.0	34.6
Comp.(%)		63	16	21

Source: SECTUR

A.6.1.3. General development plan

Regional development plans for six years, including the tourism sector, have been formulated by State within the same framework to benefit the State, and are described in this section.

(1) Regional development plan of Oaxaca (1992 -1998)**a. General objectives**

Objectives of the State development plan are set at two fold:

- 1) Incorporate to growth and development of Mexico,
- 2) Improve living standard

The general strategy is based on equity and efficiency.

b. Specific objectives and actions

The specific objectives are:

- 1) Improve Government, Justice and Democracy
- 2) Improve communication infrastructure
- 3) Modernize economy, create employment
- 4) Social well-being, education
- 5) Strengthen cultural identities

The specific strategies are:

- 1) to preserve legal and political stability,
- 2) to promote democracy,
- 3) institutional development in public organizations,

-
- 4) to improve public services,
 - 5) to ensure efficient use of public resources,
 - 6) administrative simplification and modernization,
 - 7) to promote social participation,
 - 8) to improve infrastructure,
 - 9) to attract investment,
 - 10) to retain profits,
 - 11) to exploit resources and comparative advantages,
 - 12) to develop the region,
 - 13) participation of social groups,
 - 14) to respect communities,
 - 15) joint responsibility of public and social organizations,
 - 16) correct budget performance,
 - 17) to improve education.

Water supply

The state development plan of Oaxaca sets the following objectives concerning water supply: 1) to exploit more efficiently the hydraulic infrastructure, 2) to increase the exploitation of water resources, 3) to guarantee water supply in priority zones.

To execute these objectives, the strategies in the Plan are: 1) to promote efficient coordination among institutions that provide the infrastructure, so as to develop joint projects, 2) to develop studies for convenient water collection and conduction, so as to build infrastructure, 3) to promote technical assistance in systems of agricultural water systems.

Transportation and communication

To execute the objectives of this sector, actions to be taken are: 1) to promote public and private investment, 2) to promote coordination of institutions concerned, 3) to elaborate environment impact studies, 4) to promote modernization and improvement of railways and ports, 5) to promote the building of industrial ports, 6) to promote enlargement and technification of infrastructure and systems of aviation with commercial and tourism concerns.

Natural environment

To execute the development plan, this sector will take action as follows:

1) to create a State system for the preservation of natural spaces, 2) to improve planning and coordination among entities concerned and to promote participation of the society, 3) to establish coordinate actions at three Government levels, and 4) to promote research.

(2) Tourism development plan of Oaxaca (1992 - 1998)

a. Objectives and actions

Objectives of the state development plan are set at two fold:

- 1) Modernize services, infrastructure,
- 2) Take advantage of tourism potential so as to give impulse to development of economy

In order to fulfil the objectives, strategies are set as 1) the integration and organization of the tourism sector so as to cooperate with Federal Government in dynamizing activities, promotion of investment and high flow of visitors, 2) stimulation of entrepreneurs to supply traveling packages, 3) diversification of visitor supply, 4) consolidation of visitor's security in Oaxaca City-Huatulco-Puerto Escondido. 5) efficiency in using tourism infrastructure, 6) State Government will stimulate tourism providing basic infrastructure, 7) ensuring public investment, tourism promotion in conjunction with Federal Government, State Government, and service suppliers, 8) coordinate with other high tourism States concerning the flow of visitors, 9) up-dating of corresponding legal framework, 10) creation of committees for tourism events, 11) modernization and broadening of public service infrastructure in tourism centers, 12) diffusion and promotion of tourism attractions, nationally and internationally, 13) consolidation of visitor supply, 14) restore and preserve cultural and historic patrimony, 15) develop the program "The Magic World of Oaxaca", 16) organization of fairs, competitions and events to attract visitors, 17) strengthening of tourism training and schooling

b. Strategy policy framework

Development policies that pertain to the tourism sector and can be considered as strategic policy are summarized as follows:

Target growth of 492,400 in 2000, and 785,900 international visitor arrivals in 2010,

Target growth of 1,276,400 in 2000, and 2,317,900 domestic visitor arrivals in 2010,

Target average length of stay of 5.3 days for international and 3.2 days for domestic visitors,

Target average spending per day of international visitors to US\$ 131.00 (assumed) to gain revenues of US\$ 545 million by the end of 2010,

To induce regional development and integrate tourism into the overall development of the State,

Target number is referred to study by FONATUR (Programa de infraestructura para areas de desarrollo turistico) edited in July, 1993.

(3) Tourism development plan of Santa Maria de Huatulco municipality

a. Objectives

General objectives of the Municipal Government of Santa Maria Huatulco will pursue:

- 1) to accelerate economic growth through tourism,
- 2) to increase living standards improving housing, transportation, infrastructure, education, and employment opportunities,
- 3) to legally define urban, rural and ecology preservation. Society in general must participate in urban planning,
- 4) to strengthen municipal finances through private initiative, which must be incorporated into actions established by this plan,
- 5) The tourism development model of the state be given impulse so as to complement tourism supply

b. Actions

- 1) The general development actions of Santa Maria Huatulco is based on tourism development.
- 2) The use of infrastructure and land must be maximized,

- 3) Drinking water and sewerage must be improved,
- 4) Bus stations must be improved
- 5) Adequate promotion must be given to amusement, ecological and economic activities
- 6) Build an ecological park in Huatulco River. Urban and non urban zones must be clearly defined

c. Strategy policy framework

Development policies that pertain to the tourism sector and can be considered as strategic policy are summarized as follows.

Target growth of 204,500 in 2000, and 386,000 international visitor arrivals in 2010;

Target growth of 412,300 in 2000, and 782,600 domestic visitor arrivals in 2010;

Target average length of stay of 5.3 days for international and 3.2 days for domestic visitors;

Target average spending per day of international visitors to US\$ 131(assumed) to gain revenues of US\$ 26.8 million by the end of 2010;

Target number is referred to study by FONATUR (Programa de infraestructura para areas de desarrollo turistico) edited in July, 1993.

A.6.1.4. Infrastructure

Existing situation and future plan are summarized in Table A.6. 3 to Table A.6. 7.

It seems that there are no serious obstacles for tourism on the whole.

Table A.6. 3 Airport facilities and capacity of Huatulco (1)

Elements	Unit	Capacity	Existing 1993	Demand (High Estimate)			
				1995	2000	2005	2010
Runway	OP/Hr	18	5	7	10	12	14
Platforms	Posic.Sim	3	3	5	7	8	9
Buildings	Pas/Hr	430	420	638	955	1,184	1,343
Parkings	Lot	81	110	141	227	262	308

Note: 1.Platforms, Buildings & Parkings are for commercial use only in this Table.
Source: Sistem Estadistico Aeroportuario, 1994, ASA.

Table A.6. 4 Airport facilities and capacity of Huatulco (2)

Access to City Center	A	(2 lanes Federal Road).
Distance / time		20 km/ 25 min
Taxi & bus service	A	however no bus service
Airport Facility	A	(however, platform is short)
Runway operable Aircraft		2700mx45mx1
Operation Hour		DC-10
Terminal Building.		9:00 a 18:00 hrs
		3,260 m ²
Capacity and Demand.		
Runway	A	(enough)
Platform	C	(increasing is required)
Building	A	(enough)
Parking	A	(enough)
Future Improvement Plan.		M/P No Exist
Main Improvement		Increasing of Platforms.
Project Cost (Millions \$) (upto 2010)		(unsettled)

Note: The signs mean as follows: **A**/good and/or enough, **B**/some improvement is required in near future, **C**/improvement and/or countermeasure is required soon.

Table A.6.5 Airport Passenger Changes and Future Demand (Huatulco)

Year	Domestic	International	Charter	Transit	Total
1980	-	-	-	-	-
1985	-	-	-	-	-
1990	164,934	22,443	21,186	5,600	214,163
1993	228,801	4,036	69,206	3,410	305,453
1995 (High Estimate)	452,323	33,064	117,784	5,558	608,729
2000 (ditto)	921,801	94,033	219,817	10,069	1,245,720
2005 (ditto)	1,302,107	143,421	302,469	13,723	1,761,720
2010 (High Estimate)	1,621,767	184,934	371,941	16,794	2,195,436
2010 (Low Estimate)	902,757	132,216	179,399	9,621	1,223,993

Source: Sistema Estadístico Aeroportuario, ASA

Table A.6.6 Road facilities in Huatulco

Principal Road Condition around Tourism Site	A	-	Federal No 200 (2 lanes) good. Federal No 175 (2 lanes) good however steep and curve.
Urban Area Road Condition	N.A	-	(Urban area not exist)
Signals & Roads Signs	A	-	As a whole, good further completion is required as to signals in urban area and road signs for visitors.
Connecting Road to Major cities.	-	-	To Oaxaca, Fed. freeway 245Km (6.00 hrs) Oaxaca-México Fed. highway (incl. toll road) 454 Km. (6:45 hrs)

Note: The signs mean as follows: **A**/good and/or enough, **B**/some improvement is required in near future, **C**/improvement and/or countermeasure is required soon.

Table A.6.7 Other transportation facilities

Bus Service	Service Level	C	(Only 1 Route, 1 OP)
(Long Distance Tourist Bus)	No. of Routes.		1
	No. of Operating Company		1
	No. of Operations/day		1
	Major Destinations. No. of Operations/day	México	1
Cruiser.	No. of Embarkation 1994.		1
	No. of passengers in 1994		1
	Max No. of Embarkations in past.		1
	Max No. of Passengers in past.		1

Note: The signs mean as follows: **A**/good and/or enough, **B**/some improvement is required in near future, **C**/improvement and/or countermeasure is required soon.

A.6.1.5. Tourism promotion activities

Following tables show the inventory of tourism promotion activities conducted by Fondos Mixtos in Huatulco.

Table A.6.8 Fondo Mixto in Huatulco

Items	Huatulco
Year of establishment	1993
Members	
SECTUR	X
STATE GOVERNMENT	X
PRIVATE SECTOR	
Hotel association	X
- No. of member hotels	N.A.
- No. of non-member hotels	N.A.
Restaurant association	N.A.
Travel agencies association	N.A.
Financial institute	3
Others	no participation
FONATUR	X
OTHERS	
Budgets in total (1,000 Pesos)	
1991	0.0
1992	0.0
1993	3,120.0
1994	2,760.0
1995	3,142.0

Source: Compiled by JICA study team

Table A.6.9 Inventory of promotion activities (for the international market)

	Country name	Amount (1,000 Pesos)
Advertisement in newspapers or magazine	(USA)	n.a.
Campaign on TV and/or Radio	(USA)	n.a.
Participation in travel trade show	n.a.	5.5
Seminar or presentation	n.a.	101.0
	Amount (1,000 Pesos)	
Familiarization trip for travel agents		n.a.
Familiarization trip for mass media		n.a.
	Amount (1,000 Pesos)	
Production of printed materials		9.2
Production of video		25.0
	Amount (1,000 Pesos)	
Subsidy to airline(s)		364.2
	Amount (1,000 Pesos)	
Support to events (sports, festival, etc.)		17.2

Source: JICA study team

Table A.6. 10 Inventory of promotion activities (for the domestic market)

	Yes/No	Amount ('000 N. Pesos)
Advertisement in newspapers or magazine		26.7
Campaign on TV and/or Radio		69.5
Seminar or presentation		181.5
Press release	X	n.a.
Production of printed materials		317.8

Note: "X" shows Yes

Source: JICA study team

A.6.1.6. Tourism administration and institution

(1) State level

The tourism administration and institution of each state government level at the present are summarized in Table A.6. 11. The followings are general outline of them:

Oaxaca state has its own tourism section in its government. It also has a committee and council to prepare the tourism development plan and/or to make consultation and technical support to the private sectors.

Oaxaca state does not have their own laws or guidelines for tourism development, but following the Federal Tourism Law.

For the tourism education or training, Oaxaca state has courses in the universities in the state for the higher management level, and some colleges and technical institutes for the middle management level. The state also have public training centers (Centro de Capacitacion) as vocational school including personnel of tourism related industries.

Table A.6. 11 Inventory of tourism administration (State level)

Name of the department or section for the tourism administration		SEDETUR
Other Organizations related to Tourism Administration	Name	Tourism Advisory Council(*), COPLADE (Committee of Planning and Design of the State development)
	Activity	Consultation & technical support(*)
Governmental or sem-governmental organization of the state related to tourism development	Name	No
	Activity	-
State laws, guidelines, etc. on tourism Development		No specific law
Training and education system to tourism (No. of facility and students)	Superior level	2
	Secondary	4
	Basic	3

Source: JICA study team

(2) Municipal/destination level

Table A.6. 12 shows the existing tourism administration and institution in the municipal or destination level. The followings are outlines of them:

Santa Maria Huatulco municipal has respective section for tourism administration in their organization. It also has tourism council for the consultation and technical support for the private sector.

They have no specific tourism sub-laws or guidelines after the Federal Tourism Law and no specific income source from and to the tourism developments.

Santa Maria Huatulco municipal has an association of hoteliers.

For the tourism training in Santa Maria Huatulco municipal, some courses are provided by tourism council. A principle tourism education is conducted in the primary and secondary schools using a textbook prepared by SECTUR to teaching pupils the significance of the tourism.

Table A.6. 12 Inventory of tourism administration (Municipality and destination level)

Name of the department or section for Tourism Administration		Direccion de Turismo
Other Organizations related to Tourism Administration	Name	Tourism Council
	Activity	Consulting & technical support
Tourist police		No
Municipal laws, guidelines on tourism Development		No specific law
Numbers of Associations and their members (in number)	Hotelier	1 Association, 19 members
	Travel Agency	1 Association, 7 members
	Restaurant	1 Association, 57 members
Training and education system		A training is conducted by Tourism council

Source: JICA study team

A.6.1.7. Social issues

(1) Population and labor force

a. Internal migration

In Mexico, over 4 million or 5% of population migrated from 1985 to 1990. Among the states which cover six tourism destinations, Quintana Roo, Jalisco and Baja California Sur are net in-flow, while Guerrero, Oaxaca and Sinaloa are net out-flow.

In Oaxaca, out-flow of migration exceeds than in-flow. Net out-flow of migration is 69 thousand in Oaxaca. These number is the third following Federal District and Guerrero (population of Federal District decreased from 1985 to 1990 due to heavy damage by earthquake in 1985).

District of Pochutra in Oaxaca had less migrants than the state average.

b. Population structure

Pre-school and school age population

The national average of school age population (14 years-old or less) ratio is 38.3% in 1990. This ratio in Santa Maria Huatulco is 41.8%.

The population ratio of 4 years-old or less is 12.5% in national, and Santa Maria Huatulco exceeds the national average. In these areas, more school facilities will be required in future.

Indigenous population

In Mexico indigenous population is estimated as 8.7 million or 10.7% of total population in 1990. Huatulco is indigenous people places. The ratio is 34.9% in the Santa Maria de Huatulco municipality. The major indigenous groups are Zapoteco, Mixteco and Mazateco in Huatulco.

c. Labor force

National total economic activities population is 24 million or 43% of 12-years and over population. Among this economic activity population, 660 thousand or 2.7% are unemployment.

In Santa Maria Huatulco municipality, participation rate of economic activities is higher than national, and unemployment ratio is lower than national average.

(2) Housing conditions and development

The availability of basic services in the Mexican homes has increased. Of every ten houses, 9 have electricity, 8 have safety water and 6 have sanitary facilities.

In Santa Maria Huatulco municipality received poorer level in all services than national average.

Rapid growth of tourism causes un-planned urban expansion because many people come to find job in tourism and related industries. In many cases, they are poor and start to live on cheap land which do not have enough basic services.

(3) Social services

a. Health

In Mexico, social security institutes provide health and medical services for their members, covered ratio is 55%. The rest of population receive health service from the Ministry of Health and the Ministry of Social Development.

In District of Pochuta, these institutes covers just around 20%. (As for Santa Maria Huatulco municipality, there is no available data for social services.)

Table A.6. 13 1990 population in Huatulco by living place in 1985

Total	110,915
Same State (Oaxaca)	107,955
Out of the State	2,249
Federal District	641
Chiapas	352
Mexico	255
Guerrero	248
Veracruz	220
Puebla	58
Michoacan	48
Others	427
Out of Mexico	85
Not Specified	626

Source: National institute of statistics, geography and Informatics

Table A.6. 14 Population by age structure and indigenous groups in Huatulco

	Population by Age Group					Indigenous Population(5-) (not available)
	Total	0-5	6-11	12-14	15+	
Municipality of Santa Maria Huatulco	12,645	1,934	2,427	919	7,365	
District of Pochuta	131,949	21,034	29,132	10,661	71,122	38,678

Source: "Annual statistics, 1994" of Oaxaca state, INEGI

Table A.6. 15 Labor force in Huatulco

	Population 12 yrs.+	Economic Activity Population	Working Population	
			Total	Restaurant & Hotel
Municipality of Santa Maria Huatulco	8,284	4,059	3,969	(not available)
District of Pochuta	81,783	32,764	31,477	1,523

Source: "Annual statistics, 1994" of Oaxaca state, INEGI

Table A.6. 16 Housing conditions in Huatulco

	Percentage of Houses with Service of		
	Water	Electricity	Sewerage
Municipality of Santa Maria Huatulco	53.4%	64.0%	35.7%

Source: "Annual statistics, 1994" of Oaxaca state, INEGI

Table A.6. 17 Gross enrollment ratio of school and covering ration of social securities in Huatulco

	Number of Students in 1992		Covering Population of Social Security
	Primary	Secondary	
Municipality of Santa Maria Huatulco	(not available)	(not available)	20,032
District of Pochula	27,151	3,606	26,334

Source: "Annual statistics, 1994" of Oaxaca state, INEGI

A.6.2. Prospects for Huatulco

This section discusses the prospects for, and constraints Huatulco and Oaxaca State. The development prospects presented in this section are for the alternative studies in the next section therefore includes full possibilities of respective destinations.

A.6.2.1. Marketing prospects

(1) Destination concept

- A beach resort with the image of an idyllic seaside village.
- An accommodation base for touring of archaeological sites, indigenous villages, and historical city in the Oaxaca valleys.
- Ecotourism destination with focuses on indigenous cultures and marine wildlife
- The image of the destination should be set to make a good contrast with Acapulco so that both destinations would not compete but supplement each other.

(2) Target markets

- Those who prefer a beach resort located in the nature or in a village ambiance.
- Cultural visitors who are interested in prehispanic and indigenous cultures.
- As the destination has cultural tourism resources of prehispanic and indigenous cultures, long-haul markets will be relatively important in Oaxaca compared with other destinations.

(3) Marketing strategies

- Develop beach resort areas with an emphasis on the nature. Maintain idyllic Mexican village atmosphere to distinguish its identify from that of Acapulco.
- Formulate the Oaxaca city - Huatulco corridor to enhance the competitiveness of Huatulco in the international market.
- Develop nature-oriented attractions in the Sierra Madre along the road that connect Huautlco with Oaxaca city to promote the travel between the cities.
- Establish a touring circuit that covers Chiapas, Oaxaca, Mexico City, Taxco and Acapulco for the long-haul market.
- Formulate the Acapulco - Huatulco resort belt so that visitors can choose a destination from the two with contrasting identities after traveling the touring circuit as stated above.
- Introduce hacienda tourism that target at upper market segment.

A.6.2.2. Tourism development prospects

(1) Tourism structure of the state level

Archaeological sites, colonial architectures, quaint villages, and beach resorts are the main tourism attractions in Oaxaca. The main tourism center is Oaxaca city. Following items are under study by the state for future development;

a. Nature tourism destinations

- Santa Maria del Tule, etc.

b. Arts and culture tourism destinations includes:

- Huayapan,
- Tlalixtac,
- Tlacoahuaya,
- Dainzu,
- Yagul,
- Zaachila and Lambiteca,
- Tlacolula de Matamoros,
- Culiapan de Guerrero,
- San Pablo, and
- Villa de Mitla.

c. Handicraft oriented tourism destinations

- Coyotepec,
- Santo Tomas Jaliez,
- San Martin Tilcajete,
- San Jacinto Chilteca, and
- Teotitlan del Valle.

d. Coastal tourism centers

- Huatulco Bays,
- Puerto Escondido, and
- Puerto Angel.

(2) Tourism structure of Huatulco

The tourism project in Huatulco Bay is an integrally planned development project undertaken by FONATUR since 1985. The development area is comprised of 9 principal bays, namely, Tangolunda, Conejos, Chahue, Sta. Cruz, Organo, Maguey, Cacaluta, Chachual, and San Augustin between the Copalita and Coyula rivers. FONATUR revised the development capacity of the master plan in 1994. Projects for tourism development are mainly in Tangolunda Bay. Marina Chahue is a project intended for development by the private sector with hotels, villas, a shopping center, a beach club, and marine facilities for recreation. The central zone of Bahia de Santa Cruz is considered to be appropriate for a construction of piers for cruisers.

The master plan of Huatulco as well as the geographic characteristics of the area do not allow large scale urban development.

There are three roads that connect Santa Maria de Huatulco with the inland. The main road connects the beach center directly with Oaxaca city, the second one connects via Xadani - Santa Maria - Pochutla, and the third one connects via Benito Juarez.

(3) Development strategies

It is vital to activate the coastal resort development by enforcing the land surface links by upgrading existing road (Carretera por las Montanas) between Oaxaca City and the coastal area.

Tourism opportunities in the Oaxaca valleys should be carefully assessed for further tourism development. The opportunities include untouched nature, arts and handicrafts, quaint villages with strong presence of indigenous cultures, as well as the historical city of Oaxaca. Agro-tourism could be a possible attraction if it is developed under the ecotourism concept.

The government's initial investment, technical guidance, marketing support, and promotion of local people's participation in tourism would make the valley a center of cultural tourism in Mexico.

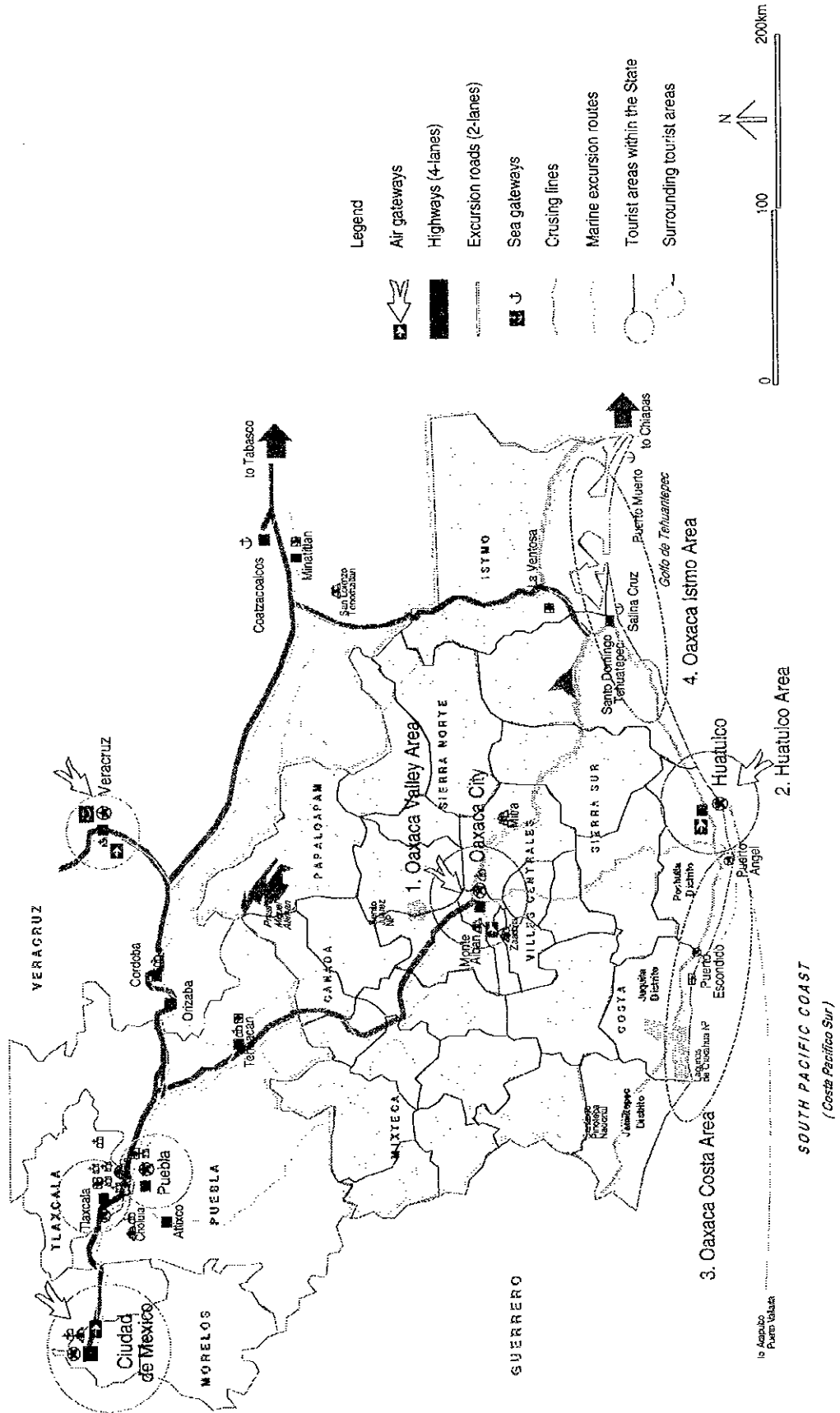
The area should target at visitors who prefer a less urbanized resort area that retains the village ambiance therefore Huatulco should provide exclusive accommodations differentiated from other beach destinations.

Above mentioned tourism products should be carefully organized to make a set of tourism products that could cater for the international market as well as the domestic market. The development strategies in the Oaxaca state are as follows;

- Tour route formation from tourism centers to the central valley to promote cultural tourism,
- Facilities development in the tourism centers and tourism spots in Oaxaca Valley such as visitor information, exhibitions and a small scale trade center.
- Land surface link improvement between Oaxaca city and Huatulco with way-side amenities, lookout decks, service stations, and preferably some ecotourism type attractions that focus on the lush forest in the Sierra Madre.
- Remaining of 1st stage projects should be implemented as soon as possible to start the second and third stages of the master plan. The second stage includes the development of Bahia de Conejos and San Agustin, and 3rd stage programs cover a huge area of inlets and coves in Organo, Maguey, Cacaluta, and Chachahual bays.
- Urban facilities as well as amenities should be improved in Santa Maria de Huatulco by the development of markets, restaurants, a commercial center, parks, and plazas.

Figure A.6. 1 shows tourism and tourism-related development plans up to the year 2000. Figure A.6. 2 shows the full tourism development possibilities in the state.

Figure A.6. 2 Tourism development possibilities in Oaxaca state



A.6.3. Development scenario for Huatulco

This section discusses the adequacy of tourism development and promotion scenarios for Huatulco and Oaxaca State. The study team has assessed alternative scenarios based on marketing and development prospects for Huatulco and Oaxaca state as mentioned in former section.

A.6.3.1. Alternative scenarios

Three alternative scenarios are set for Huatulco and Oaxaca state as follows:

(1) **Alternative 1; Concentration in beach development in Huatulco**

Concentrates the most development efforts in Huatulco.

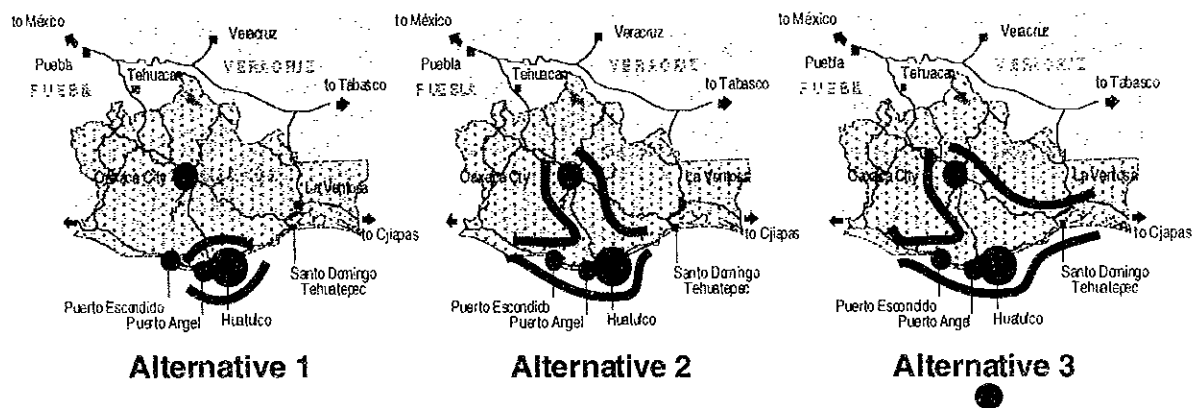
(2) **Alternative 2; Huatulco - Oaxaca corridor development**

Develops a resort belt that extend from Huatulco to Puerto Escondido as well as a corridor that connect Huatulco with Oaxaca City.

(3) **Alternative 3; Huatulco - Oaxaca - Chiapas touring circuit development**

Establishes beach centers as well as touring circuits that connect Huatulco with Chiapas, Acapulco and Mexico City.

Figure A.6.3 Alternative scenarios (Oaxaca)



Source: JICA study team

A.6.3.2. Assessment of the alternatives

(1) **Tourism development aspect**

Huatulco, with 9 small coves with lush green hills in the background covers the largest area among the FONATUR projects though most of the area is spared for conservation. Existing hotels in the development area are built low-rise according to a building guideline so that they would harmonize with the hills in the background. The development, however, has not seen much progress since 1989, and more tourism investment is needed to complete the master plan.

Oaxaca City and its surrounding area, the primary inland tourism center of the state, abounds in historical, cultural and archaeological tourism resources. The linkage of Huatulco and Oaxaca City should be developed to formulate an ideal combination of beach resort tourism and inland historical/cultural/archaeological tourism. In formulating the linkage, mountain area between the two centers also deserve a consideration for a ecotourism-style tourism development to promote visitor traffic between the centers.

There is a chain of traditional beach centers along the Pan American Highway that stretches from Huatulco to Acapulco includes Puerto Escondido and Puerto Angel.

Since the neighboring state of Chiapas is assessed to be the richest state in tourism resources but economically the poorest, a tourism circuit that links Oaxaca City, Huatulco and Chiapas should be established for the economic development of the state. Additional linkages with Acapulco, Veracruz and Mexico City are also worth consideration to distribute tourism benefit to a wider area.

(2) Tourism marketing aspect

Although Huatulco is an isolated beach destination at present, it has a good possibility to develop various touring circuits if the link with Huatulco and Oaxaca City is improved. Tourism possibilities from Huatulco include various archaeological sites, quaint villages with the indigenous cultural presence, and the historical city of Oaxaca.

As Huatulco will have rich cultural and archaeological tourism resources if linkage with Oaxaca Valley and other tourism centers are established, the long-haul market will have relative importance for the beach center compared with other destinations.

(3) Conclusion

Above assessment shows **Alternative 3** is the most appropriate scenario for Huatulco (Oaxaca state).

Tourism development and promotion issues for Huatulco (Oaxaca state) for the target year of 2001 is summarized as follows;

- To promote the tourism corridor formation between Huatulco and Oaxaca City to enhance the competitiveness of Huatulco in the international markets. Nature oriented tourism attractions, preferably based on ecotourism concept, should be developed along the road that links the tourism centers to promote the surface travel in the nature of Sierra Madre,
- To formulate a tourism circuit that connect Huatulco, Oaxaca City and the Chiapas state to increase the competitiveness of Huatulco to attract more visitors and investors to the beach center,
- To formulate the Huatulco - Acapulco resort belt that connect several traditional beach centers along the Pacific Coast,
- To consider better contribution of tourism development to regional development, and to promote better spatial and social distribution of tourism benefit, by introducing the resort belt, the tourism corridor, and the tourism circuit,
- To develop the beach resort areas in Huatulco emphasizing the natural beauty and idyllic Mexican village taste being contrasted with Acapulco,
- To maintain/improve the development guideline to keep the favorable ambience of the beach center, and
- To enhance the on-going joint promotion of Oaxaca and Acapulco conducted by the two Fondos Mixtos.

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