

# Peru luxury tourism push met with protest

## STORY HIGHLIGHTS

Government trying to speed development of Peru's high-end tourism sector

Some local residents say they won't benefit from a high-end tourism boom

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**LIMA, Peru (AP)** -- With four-digit inflation and violent Maoist guerrillas, Peru for many years was hardly the place for a seaweed wrap in a swank hotel.

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But nowadays, relative peace and a booming economy draw boutique travelers to the Andean terrain and ancient ruins that were previously the domain of brave, budget-conscious backpackers.

Celebrity tourists Bill Gates and Cameron Diaz both recently visited Machu Picchu, where \$965 a night gets you a room with a view of the famous Inca citadel. In nearby Cuzco, elevation 11,500 feet, you can have extra oxygen pumped into your room for \$30 a night.

Yet as free-market President Alan Garcia speeds the development of Peru's high-end tourism sector, he is sparking a standoff with local residents who say they won't benefit from the

boom. Earlier this year, protesters shut Cuzco's airport and blocked the only rail line to Machu Picchu to make their point.

"Cuzco no se vende!" they shouted in demonstrations: "Cuzco is not for sale!"

It is a longtime paradox in Peru, where the economy expanded 9 percent in 2007 for the ninth year in a row. But poverty persists, especially in many of the highland tourist destinations, affecting some 44 percent of the 27 million population.

The government touts tourism as a job-generator. But most protesters don't work in the industry and are more focused on the need for good education and health care -- things they say a few dozen more waiter and bellhop jobs won't fix.

"Most of the Cuzco area lives off of agriculture," said Gonzalo Valderrama, 30, a local anthropologist who joined the protests. "Just because there is more tourism investment, it does not necessarily benefit those who live in the surrounding state."

Tourist entries at Lima's Jorge Chavez International Airport increased from 998,000 in 2002 to more than 1.8 million last year, according to Peru's Foreign Trade and Tourism Ministry, thanks in part to an award-winning publicity campaign launched two years ago.

Some 160,000 of them spent at least \$1,000 a day, said Tibisay Monsalve, general manager of the Hotel Association of Peru.

Visits to Machu Picchu, Peru's top tourist destination, have more than doubled in the last decade to 800,000 people -- along with the price of getting there.

Cuzco now has a half-dozen four- and five-star hotels. That compares with two in the early 1990s, when the city was a haven for daring travelers defying U.S. State Department warnings against the bloody Shining Path insurgency.

Peru's picturesque highlands were the epicenter of a dirty war between the military and leftist guerrillas that killed almost 70,000 people between 1980 and 2000.

"Before, there was a lot of news abroad about the country's problems," Monsalve said. "Now people feel it's safer to come to Peru."

Where hippies in striped Peruvian ponchos once roamed, there are now fashion shoots for Vogue magazine. Near the ancient fortresses and temples of Cuzco's Sacred Valley, tourists can soothe their sore muscles after a hike with hot rock massages or twilight yoga sessions.

But the Cuzco uprisings earlier this year hearkened back to the more dangerous era, with images of tourists being led by police escort.

Demonstrators protested two new tourism laws that would ease restrictions on construction -- mostly hotels -- near archaeological sites and historic zones.

As a result, the congress modified the laws in February to allow regional and local governments more power in determining private development around cultural treasures, including Machu Picchu.

But it wasn't enough to appease critics. Cuzco residents say that international developers will find ways to build wherever they please, given the bureaucratic loopholes and vague phrasing in the laws.

The protests stood to embarrass Peru, where the government has aggressively promoted the Andean nation as a prime spot for foreign investment. Peru is hosting two high-level international summits this year, including the Asia-Pacific Economic Cooperation, or APEC.

The situation is quiet for now. But based on threats of more protests, officials moved the APEC tourism ministers conference this month from Cuzco to Lima.

"The only thing these (protests) do is endanger Cuzco," Economy Minister Luis Carranza said during the demonstrations. "It cuts down the income flow because tourists aren't coming in."

Strong economic growth is forecast to continue in Peru this year, and as many as 200,000 high-end tourists are expected, according to industry officials.

Starwood Hotels, which runs the Sheraton, Westin and other chains, plans three luxury hotels over the next three years, including a 192-room hotel in Cuzco. Hilton also has a plot there.

But there are others unhappy with the transformation in Peru.

As tour buses roll in by the dozens, backpackers -- the old staple of Peruvian tourism -- feel left out. Machu Picchu's entrance fee went from \$27 to \$45 this year, and roundtrip train fares from Cuzco to Machu Picchu start around \$100.

"It's definitely catered for your coach buses, tour groups," said Matt Ward, 34, a pub owner from London.

Justina Balczeweska, a 22-year-old interior design student from Poland, agrees. Machu Picchu was the most expensive place she visited during her two-week trip. Her advice: "Find a good place without tourists."

### **If you go ...**

There are places in Peru where your tourism dollars will go to directly help the local population. Some recommendations in Cuzco:

**Ninos Hotel**, Calle Meloq 442, Cuzco, 011-51-84-231-424. An immaculate, two-star hotel in an old Cuzco mansion. Profits support poor children in the area, who are given housing, schooling or food. Double with private bathroom, \$36. Hotel has a lovely courtyard with a fountain and each room is decorated with large paintings by street children.

**Hostal San Juan de Dios**, Manzanares Avenue 264 in the Urbanizacion Manuel Prado, Cuzco, 011-51-84-240-135. Located a short taxi ride from the Plaza de Armas. Your stay funds the San Juan de Dios Clinic, providing care to underprivileged children with disabilities in Cuzco. Ten double rooms, \$35 a night.

**Hostal Marani**, Carmen El Alto 194, San Blas, Cuzco, 011-51-84-249-462. Basic hostel whose proceeds help local street children with health and education projects. Double room, \$38 a night.

**Homestay in Cusco**, Cuesta San Blas 561, Cuzco, 011-51-84-242-562. One of dozens of homestay tour operators in Cuzco. Offers visitors a chance to get to know local people, their customs and try the rich local cooking. Love of potatoes a requirement! Weeklong single bed homestays with a Cuzqueno family for around \$90.

### **Luxury hotels in Peru:**

**Machu Picchu Sanctuary Lodge**, Cuzco, Peru, 011-51-1-610-8300. This all-inclusive 29-room lodge is the only hotel within the Machu Picchu Sanctuary, and a rest stop for celebrities like Cameron Diaz and Bill Gates. Rates range from \$795 for the most basic double room to \$1320 for a suite. Rooms with a view of Huayna Picchu, the scraggy mountain that looms over the ancient citadel, start at \$965 a night. Sister property **El Monasterio** was converted into Cuzco's ultimate luxury hotel from a 16th century Jesuit monastery. Rooms range from \$495 for a basic double to \$1,590 for the royal suite. Extra oxygen to fight altitude sickness is available for an additional \$40.

**Inkaterra Urubamba Villas**, from the U.S., 800-442-5042; from the U.K., 800-458-7506 This popular Peruvian line of eco-friendly luxury hotels offers five exclusive villas in the Sacred Valley, a quiet and bucolic setting about 45 minutes from Cuzco, close to dozens of ancient Inca ruins. The snowcapped Andes tower over the valley. Two bedroom villas cost \$300 a night for two people with a two-night minimum. Breakfast and dinner are included.

**Casa Andina Private Collection-Sacred Valley**, 011-51-84-976-5501. This chain operates hotels all over Peru. This 85-room property in the Sacred Valley is ideal for soothing sore muscles after a day of hiking with its fully equipped spa, or relax in its planetarium and observatory. Rates including breakfast buffet range from \$149-\$229.

**El Libertador Palacio del Inka**, Plazoleta Santo Domingo 259, 011-51-84-23-1961. This 240-room hotel is one of the only two five-star hotels in Cuzco. Located downtown, near major tourist attractions. Basic doubles for \$285 including buffet breakfast. **E-mail to a friend**