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**2008 Tourism Satellite Account: Recommended Methodological Framework  
(TSA: RMF 2008)**

Jointly presented by the United Nations Statistics Division (UNSD), the Statistical Office of the European Communities (EUROSTAT), the Organisation for Economic Co-operation and Development (OECD) and the World Tourism Organization (UNWTO)

# 2008 Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2008)



Commission of the European Communities  
Eurostat



Organisation for Economic  
Co-operation and Development



World Tourism Organization



United Nations  
Statistics Division



## FOREWORD

The recommendations included in the present publication represent an update of a common conceptual framework for the design of the tourism satellite account that had been initially set up in 2000 by an Intersecretariat Working Group convened by the United Nations Statistics Division (UNSD), with the participation of the Statistical Office of the European Communities (EUROSTAT), the Organisation for Economic Co-operation and Development (OECD) and the World Tourism Organization (UNWTO).

The updating process was undertaken by the UNWTO under the scrutiny of the Inter-agency Coordination Group on Tourism Statistics (IACG on TS). The IACG on TS was set up in 2004 in accordance with the agreement reached between the interested agencies (Eurostat, ILO, IMF, OECD, UNECLAC, UNSD, UNWTO and WTO) at the 4<sup>th</sup> meeting of the Committee for the Coordination of Statistical Activities. The scope of its work focused on bringing closer present conceptual differences in the Tourism Satellite Account and other related frameworks (as BPM5, SNA93, Manual on SITS and Migration statistics) revision processes.

The purpose of a tourism satellite account is to analyze in detail all the aspects of demand for goods and services associated with the activity of visitors; to observe the operational interface with the supply of such goods and services within the economy; and to describe how this supply interacts with other economic activities. The present *International Recommendations* provides an updated framework for constructing a Tourism Satellite Account. It should permit greater internal consistency of tourism statistics with the rest of the statistical system of a country as well as increased international comparability of these data.

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The 2008 Tourism Satellite Account: Recommended Methodological Framework is the result of considerable efforts dating back to the late 1970s.

Since the end of the 1970s, France has been using the term “satellite accounts” as a way of designating those statistical practices in specific horizontal areas related with the System of National Accounts though with a specific approach but that nonetheless could be considered as “satellite sub-systems” of that System because of the strength of their link to the “core” system. France also developed operative plans for the quantification of tourism’s economic importance.

In 1982, the World Tourism Organization (UNWTO) entrusted José Quevedo (Spain), at that time responsible for the preparation of Spain’s national accounts in its National Statistical Office, with the preparation of a document illustrating how tourism could be described in relationship with the recommendations on national accounts existing at that time, the System of National Accounts, 1968. The document which was submitted at its fifth session to the UNWTO General Assembly held in New Delhi in 1983, stressed the importance of such an exercise as a uniform and comprehensive means of measurement and comparison of tourism with other sectors of the economy. It was not implemented as such but is still considered as a general reference for most UNWTO activities in working towards the international harmonization of concepts and statistics on tourism.

Since the mid eighties, the Tourism Committee of the Organisation for Economic Cooperation and Development (OECD) also developed important research on advance recognition of the scope, nature and role that tourism performs in the OECD economies. Through the development of its Manual on Tourism Economic Accounts published in 1991, the OECD examined several of the thornier problems related to the measurement of tourism and its linkages with national accounts.

Special mention should be made of the presentation by Statistics Canada during the International Conference on Travel and Tourism Statistics, held by UNWTO in Ottawa in 1991 of a scheme to establish a credible and comparable means for assessing tourism-related economic activities in relation to other industries in a domestic economy, and to develop a framework for relating other relevant data regarding tourism in an organized and consistent manner. The scheme was based on a project to examine the feasibility of applying the principles of satellite accounting to tourism.

After the Statistical Commission adopted in 1993 the Recommendations on Tourism Statistics that had been issued by the Ottawa Conference, UNWTO and OECD began to develop the conceptual framework for the elaboration of a tourism satellite account (TSA). Marion Libreros (France) and John Joice (Canada) were designated responsible for developing the project in UNWTO and OECD, respectively.

Both consultants must be highly credited for their contributions to the elaboration of the successive documents issued until its final presentation at the Enzo Paci World

Conference on the Measurement of the Economic Impact of Tourism, held in Nice from 15 to 18 June 1999. During this process, UNWTO also relied on the collaboration of Alfred Franz (Austria), Douglas Frechtling (United States of America), Alan Pisarski (United States of America), Francisco Hernández (Spain) and José Quevedo (Spain) as consultants, as well as on the participants in the UNWTO Steering Committee on Statistics. The statistical working party of the OECD Tourism Committee also participated very actively in the development of the corresponding project. OECD benefitted notably from contributions by Alfred Franz (Chair of the Statistical Working Party of the Tourism Committee, Austria), Ruth Meier (Chair of the Statistical Working Party of the Tourism Committee, Switzerland), Trude Evensen Nygård (Norway) and Jocelyn Lapierre (Canada). Finally, within the Statistical Office of the European Communities, the (Eurostat) task force on methodological issues linked to tourism relied considerably on the design of a TSA carried out at its request by the International Centre of Studies on the Tourist Economy (Italy), Gruppo Clas (Italy) and Peter Laimer (Austria).

A special word of appreciation is due for the tireless efforts and constant dedication of Enzo Paci, who died in October 1998 and who, as Chief of the UNWTO Department of Statistics, Economic Analysis and Market Research, assumed from the very beginning, the role of promoter of a system of tourism statistics and the tourism satellite account project.

After the Nice Conference, in which the UNWTO presented its recommendations for the compilation of a Tourism Satellite Account, a UNWTO-OECD-Eurostat inter-secretariat working group was created with the object of establishing a common conceptual framework for the development of the methodological design of a TSA on the basis of the work developed by the different entities. The individuals who participated in the meetings of the working group and were responsible for the final technical recommendations as representatives of their organizations were Antonio Massieu (UNWTO), Louis Kincannon (OECD), Alain Dupeyras (OECD), Carl Obst (OECD), Pedro Diaz (Eurostat) and Sophia Eriksson (Eurostat). The approval of the Tourism Satellite Account: Recommended Methodological Framework by the Statistical Commission at its thirty-first session, in 2000, would not have been possible without the existence of this inter-institutional platform.

In parallel with the drafting of the 2008 International Recommendations for Tourism Statistics, UNWTO and the Inter-Agency Coordination Group on Tourism Statistics (IACG on TS) –created in 2004–, were working on updating the 2000 Tourism Satellite Account: Recommended Methodological Framework. The process included the incorporation of changes to reflect updated and new recommendations contained in IRTS 2008, the revised version of the 1993 system of national accounts and the sixth edition of the Balance of Payment Manual, as well as editorial amendments to the original text.

As in the TSA: RMF 2000, Marion Libreros was designated by UNWTO responsible for the update process.

The meetings of the IACG on TS both at working and plenary levels were attended by the following individuals:

Eurostat: James Whitworth, Hans-Werner Schmidt, and Ulrich Spörel

ILO: Sylvester Young, Robert Pember, Adriana Mata-Greenwood and Igor Chernyshev

IMF: Robert Edwards, Margaret Fitzgibbon and Natalia Ivanik

OECD: Enrico Giovannini, Alain Dupeyras, Ann Harrison and William Cave

UNECLAC: Salvador Marconi

UNSD: Paul Cheung, Ivo Havinga, Ronald Jansen and Vladimir Markhonko

UNWTO: Antonio Massieu, Shaila Nijhowne and Marion Libberos

WTO: Guy Karsenty, Hubert Escaith, Andreas Maurer and Joscelyn Magdeleine

All of them accepted to join the cooperative effort that during these three years have made possible this updated document.

## List of abbreviations and acronyms

<b>BOP</b>	Balance of payments
<b>BPM6</b>	Balance of Payments and International Investment Position Manual, Sixth edition (BPM6), Draft - September 2007 <u>International Monetary Fund</u>
<b>COFOG</b>	Classification of the Functions of Government, <u>United Nations</u>
<b>COICOP</b>	Classification of Individual Consumption by Purpose, <u>United Nations</u>
<b>CPC, Ver. 2</b>	Central Product Classification, Version 2, <u>United Nations</u>
<b>EG on IESC</b>	Expert Group on International Economic and Social Classifications
<b>Eurostat</b>	Statistical Office of the European Communities
<b>FISIM</b>	Financial Intermediation Services Indirectly Measured
<b>GDP</b>	Gross Domestic Product
<b>GVATI</b>	Gross Value Added of the Tourism Industries
<b>IACG on TS</b>	Inter Agency Coordination Group on Tourism Statistics
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>IRTS 2008</b>	2008 International Recommendations for Tourism Statistics, <u>United Nations, World Tourism Organization</u>
<b>ISIC, Rev.4</b>	International Standard Industrial Classification of all Economic Activities, Revision 4, <u>United Nations</u>
<b>n.i.e</b>	Non included elsewhere
<b>NPISH</b>	Non-profit institutions serving households
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>SNA 1993</b>	System of National Accounts, 1993, <u>Commission of the European Communities, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations, World Bank</u>
<b>SNA 1993 Rev.1</b>	System of National Accounts, 1993 rev. 1, <u>Commission of the European Communities, International Monetary Fund, Organisation for Economic Cooperation and Development, United Nations, World Bank</u>
<b>STS</b>	System of Tourism Statistics
<b>SUT</b>	Supply and use tables of the 1993 SNA
<b>TDGDP</b>	Tourism direct gross domestic product

<b>TDGVA</b>	Tourism direct gross value added
<b>TI</b>	Tourism industries
<b>TSA</b>	Tourism satellite account
<b>TSA: RMF 2000</b>	2000 Tourism Satellite Account: Recommended Methodological Framework; <u>Commission of the European Communities, Organisation for Economic Cooperation and Development, United Nations, World Tourism Organization</u>
<b>TSA: RMF 2008</b>	2008 Tourism Satellite Account: Recommended Methodological Framework <u>Commission of the European Communities, Organisation for Economic Cooperation and Development, United Nations, World Tourism Organization</u>
<b>UNSC</b>	United Nations Statistical Commission
<b>UNSD</b>	United Nations Statistics Division
<b>UNWTO</b>	World Tourism Organization
<b>VAT</b>	Value Added Tax

## **Chapter 1 Introduction**

### **A. Tourism statistics and tourism satellite account: an overview**

- 1.1. Tourism as a demand side phenomenon refers to the activities of visitors, and their role in the acquisition of goods and services. It can also be viewed from the supply side and tourism will then be understood as the set of productive activities that cater mainly to visitors. A visitor is a traveler taking a trip to a main destination outside his/her usual environment for less than a year and for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited (IRTS 2008 para. 2.9.).
- 1.2. Tourism is a social, cultural and economic phenomenon which entails the movement of people. The relationship of tourism with a great variety of economic activities has fostered the interest in measuring its economic contribution, mostly in the places visited, and in assessing its interdependence with other social and economic activities. As a consequence, a number of countries and international organizations have been involved in the development of concepts, frameworks, databases and techniques to make this measurement possible.
- 1.3. In order to foster international comparability, the UNWTO developed successive sets of international recommendations on tourism statistics: in 1978 and 1993, (International Recommendations on Tourism Statistics). More recently, the 2008 *International Recommendations for Tourism Statistics* (IRTS 2008) has been developed.
- 1.4. The IRTS 2008 provides the basic *concepts* and *definitions* concerning the different aspects of tourism such as those travelers that qualify as visitor either tourist-or overnight visitor- or excursionist- or same day visitor (IRTS 2008 para. 2.13.); the different forms of tourism (IRTS 2008 paras. 2.39. and 2.40.); the different main purposes of a tourism trip (IRTS 2008 para. 3.17.); the concept of tourism expenditure (IRTS 2008 para. 4.2.), and its different categories related to the different forms of tourism (IRTS 2008 paras. 4.15. and 4.20.); the different *classifications* that can be used in the analysis of tourism.
- 1.5. On the basis of these international recommendations, countries were encouraged to develop their tourism statistics according to the following guidelines:
  - Estimates should be based on reliable statistical sources, where visitors and producers of the goods and services they consume are both observed, using independent procedures;

- These observations should be statistical in character and be produced on an on-going basis, combining the compilation of benchmark estimations with the use of indicators to enhance the usefulness of the results;
  - Data should be comparable over time within the same country, comparable among countries and comparable with other fields of economic activities;
  - Data should be internally consistent and presented within macroeconomic frameworks recognized at international level.
- 1.6. In order to progress in the analysis of tourism and its relationship with the rest of the economy, it was decided to further align and integrate tourism statistics with international macroeconomic frameworks in a systematic and conceptually consistent manner. The revised system of national accounts (SNA 1993) provided such a reference framework.
- 1.7. The SNA 1993<sup>1</sup> consists of concepts, definitions, classifications, accounting rules, accounts and tables that constitute a comprehensive, integrated framework for the estimation of production, consumption, capital investment, income, stocks and flows of financial and non- financial wealth and other related economic variables.
- 1.8. It includes a specific framework showing the interface between demand for goods and services and the supply of these goods and services within an economy, namely the supply and use tables (SUT).
- 1.9. On the other hand, what makes tourism special is the temporary situation in which an individual in the capacity of consumer finds himself/herself: he/she is taking a trip or a visit to a place outside his/her usual environment for less than a year and for a purpose other than being employed by a resident entity there. This differentiates a visitor from the other categories of consumers.
- 1.10. These specific characteristics of the visitor cannot be made explicit within the core of the System of National Accounts, where transactors are classified according to (relatively) permanent characteristics, one of them being their country of residence.
- 1.11. In order to deal with such situations, the SNA 1993 suggests the use of *satellite accounts*, annexed to its core, and which, to an extent to be defined in each case, share its basic concepts, definitions, classifications, and accounting rules<sup>2</sup>.
- 1.12. Within this perspective, the setting up of the Tourism Satellite Account consists in analyzing in detail all the aspects of demand for goods and services which might be associated with tourism, in establishing the actual interface with the

supply of such goods and services within the economy of reference, or outside and in describing how this supply (from domestic or imported origin) interacts with other economic activities, using the SUT as a reference. The first recommendation on the development of the TSA conceptual framework was proposed in 2000 with the *2000 Tourism Satellite Account (TSA): Recommended Methodological Framework –TSA:RMF 2000–*, a framework that, in the light of IRTS 2008, needs to be updated.

- 1.13. Because the IRTS 2008 already provides a basic conceptual consistency with other statistical frameworks (IRTS 2008 para. 1.31.) such as the System of National Accounts (SNA 1993 rev.1) and the Balance of Payments (BPM6), the *2008 Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2008)* builds upon this consistency and provides an additional resource to link tourism statistics to the standard tables of the SNA 1993 rev.1. As this instrument requires consistency among the different data sources that are used and imposes more stringent conditions on them, and in particular a reconciliation between the different data, it becomes possible to estimate internally consistent variables that more accurately represent the economic contribution of tourism and its interdependence with the rest of a national economy.
- 1.14. This link between both international recommendations on tourism statistics (IRTS 2008 and TSA: RMF 2008) and the source data used in their compilation provides the foundations for the establishment and maintenance of improved national Systems of Tourism Statistics (STS) (IRTS 2008 paras. 1.36. and 1.37.).
- 1.15. The complete TSA provides:
  - Macroeconomic aggregates that describe the size and the economic contribution of tourism, such as tourism direct gross value added (TDGVA) and tourism direct gross domestic product (TDGDP), consistent with similar aggregates for the total economy, and for other productive economic activities and functional areas of interest;
  - Detailed data on tourism consumption, a more extended concept associated with the activity of visitors as consumers, and a description on how this demand is met by domestic supply and imports, integrated within tables derived from SUT, that can be compiled both at current and constant prices;
  - Detailed production accounts of the tourism industries, including data on employment, linkages with other productive economic activities and gross fixed capital formation;

- A link between economic data and non-monetary information on tourism, such as number of trips (or visits), duration of stay, purpose of trip, modes of transport etc. which are required to specify the characteristics of the economic variables.
- 1.16. Although some implicit assumptions are needed for the compilation of the recommended tables ([see para. 4.57.](#)), the TSA is mainly descriptive in nature and does not include any measurement of the indirect and induced effects of visitor consumption on the economic system as a whole. This means that tourism's impact on the economy is not fully reflected in the TSA tables and must therefore be measured and analyzed using other means. This can be done for instance using input-output or computable general equilibrium models based on the TSA or other modeling instruments which allow for comprehensive tourism impact analysis ([see Annex 6](#)).
- 1.17. The TSA: RMF 2008 should be considered from two different perspectives:
- As a statistical tool that complements those concepts, definitions, aggregates, classifications, already presented in the IRTS 2008 and articulates them into analytical tables. Those tables provide elements for validly compare estimates between regions, countries or groups of countries. These elements are also comparable with other internationally recognized macro-economic aggregates and compilations;
  - As the framework to guide countries in the further development of their system of tourism statistics, the main objective being the completion of the TSA, which could be viewed as a synthesis of such a system.
- 1.18. The design of functionally oriented satellite accounts could involve an extension of the production boundary of the SNA 1993, a reclassification of transactions and transactors, or both (SNA 1993 chapter 21). However, in designing the TSA: RMF 2008, it was decided to focus on reclassification within the production boundary of the SNA 1993, in order to come up with aggregate measurements for tourism directly comparable with other aggregate measurements compiled within the SNA 1993 conceptual framework.
- 1.19. This updated *International Recommendations* should be understood as the starting point of a process of methodological development and improvement of the system of tourism statistics, extending down to the collection process for basic data. Its progressive implementation by countries depends on the development achieved in the corresponding implementation of the SNA 1993.
- 1.20. Such review and expansion may include implementation of new developments in relation to the proposed classifications of products and productive activities, new boundaries assigned to the productive activities related to tourism, extended or new fields of application (national tourism indicators, balance of

payments analysis, regional and sub-annual level analyses, link between tourism and the environment), an increased scope so as to include for instance financial aspects or specific modules (employment, government revenues, etc.).

- 1.21. There is no obligation for countries to produce a TSA. Nevertheless, the compilation of the TSA tables is to be understood as an important step in a process that aims to further develop and integrate tourism statistics within the national accounting system of a country. Those countries that have implemented a TSA or have included a TSA within their system of national accounts have experienced the relevance of such instrument for the improvement of the coverage and the quality of tourism statistics as well as for the macroeconomic analysis of tourism.

## **B. Historical background**

- 1.22. The *2008 Tourism Satellite Account: Recommended Methodological Framework* (TSA: RMF 2008) is the culmination of many years of efforts by numerous institutions, countries and individuals with the purpose of integrating the measurement of tourism as an economic phenomenon within the mainstream of macroeconomic statistics. Its history and development is strongly related to that of the international recommendations on tourism statistics (IRTS 2008 paras. 1.27. to 1.29.) so that only the special milestones that have been particularly important for the TSA as such will be mentioned here.
- 1.23. As early as 1983, for its presentation at the fifth session of its General Assembly, held in New Delhi, the UNWTO commended a report illustrating how it was possible to describe tourism within the recommendations on national accounts existing at that time, the *System of National Accounts, 1968*<sup>3</sup>. The report stressed the importance of such an exercise as a uniform and comprehensive means of measurement and comparison with other sectors of the economy. This report is still considered as a general guideline for most UNWTO activities concerning the development of tourism concepts and statistics and their international harmonization.
- 1.24. The OECD Tourism Committee worked on advance recognition of the scope, nature and role of tourism in the OECD economies, and demonstrated the usefulness of tourism statistics for policy-making. Since 1985, OECD had been working on the integration of tourism within broader statistical instruments, such as the SNA. In the development of the *Manual on Tourism Economic Accounts* (TEA)<sup>4</sup>, OECD examined several of the complex issues related to the measurement of tourism, including the reconciliation of supply by tourism industries and consumption by visitors, as well as the treatment of package tours.

### **B.1. 1991: The Ottawa International Conference on Travel and Tourism Statistics**

- 1.25. The International Conference on Travel and Tourism Statistics, held by the World Tourism Organization (UNWTO) in Ottawa from 24 to 28 June 1991<sup>5</sup> was the culmination of the efforts made in the second half of the 1970s and more specifically in the 1980s, not only by international organizations (especially the United Nations, the UNWTO and the Organisation for Economic Cooperation and Development (OECD)) but also by a number of countries, among which, in addition to Canada, France deserves special mention as a pioneer in the measurement of the economic importance of tourism.
- 1.26. Based on earlier international work, the UNWTO presented a set of statistical definitions on domestic and international tourism as well as a classification of tourism activities, all of them related to other international statistics. Moreover, attention was drawn to the need for a system of tourism information more deeply integrated with the System of National Accounts - a tourism satellite account.
- 1.27. At this conference, Statistics Canada presented a scheme for assessing the role of tourism in a domestic economy, using a framework for relating other data on tourism in an organized and consistent manner, and ensuring a “friendly” access to the database by potential users. This was the result of a project developed by the Canadian National Task Force on Tourism Data (1984-1986) to examine the feasibility of applying the principles of satellite accounting to tourism. The report on the proposed tourism satellite account was released in May 1987, when the UNWTO was beginning to develop its ideas on international guidelines for a tourism satellite account.

### **B.2. 1991-1999: From the Ottawa Conference to the adoption of the 2000 Tourism Satellite Account: Recommended Methodological Framework (TSA: RMF 2000)**

- 1.28. Since the Ottawa Conference, implementation has begun on many of the initiatives presented and the number of countries developing a TSA has increased. In addition to governments, the private sector also developed its own initiatives. Among these, the work of the World Travel and Tourism Council (WTTC), relying heavily on modeling techniques, is worth mentioning.
- 1.29. In 1994, the United Nations and the UNWTO released the Recommendations on Tourism Statistics<sup>6</sup> that comprised (a) the recommendations on tourism statistics<sup>7</sup> proposed by the UNWTO as a follow-up to the Ottawa Conference, and (b) the Standard International Classification of Tourism Activities (SICTA)<sup>8</sup>, a provisional classification of productive activities related to tourism that should guide countries in the compilation of supply side statistics, an aspect that had

not been previously considered systematically within tourism statistics. Both of them had been previously adopted by the UN Statistical Commission at its twenty-seventh session<sup>9</sup>.

- 1.30. Within the OECD, data collection and analysis of the tourism economic accounts (TEA) started in 1991. It has proved to be a useful instrument for policy orientation. The OECD provided constant guidance to member countries on how to construct their TEA. In 1997 the OECD Tourism Committee made its first proposal for a tourism satellite account for OECD countries.
- 1.31. The Statistical Office of the European Communities (Eurostat) also developed programs and carried out studies on tourism statistics in member countries. It prepared a Community methodology<sup>10</sup> on tourism statistics, compatible with the *Recommendations on Tourism Statistics*, adapted to the specific needs and context of the member States of the European Union (EU).
- 1.32. Canada was among the first countries to develop a TSA, and published its first results in July 1994. Other countries, such as the Dominican Republic (which applied an initial version of this conceptual framework and later adapted it as the versions were modified), France, New Zealand, Mexico, Poland, Norway, Singapore, Sweden and the United States of America, either published a TSA or developed rigorous pilot exercises. Many of these countries have benefited from the work carried out by the OECD Tourism Committee during these years.
- 1.33. In June 1999, the UNWTO convened the Enzo Paci World Conference on the Measurement of the Economic Impact of Tourism in Nice (France) where the UNWTO unveiled its work on a TSA proposal<sup>11</sup>. This framework was approved in principle by the Conference, which recommended its use as a platform to achieve consensus with other international organizations for a unique proposal for such a framework to be submitted to the United Nations Statistical Commission (UNSC) for adoption.
- 1.34. In September 1999, a UNWTO–OECD-Eurostat intersecretariat working group was created with the object of establishing a common conceptual framework for the development of the methodological design of the TSA, in accordance with the resolutions of the Enzo Paci World Conference.
- 1.35. An agreement was reached and at its thirty-first session, the UNSC endorsed<sup>12</sup> the draft document, as amended, which constitutes the content of the 2000 Tourism Satellite Account (TSA): Recommended Methodological Framework<sup>13</sup> (TSA: RMF 2000). As a result of this process, each of the organizations now promotes TSA implementation in their member countries.

### **B.3 From the TSA: RMF 2000 to the 2008 updated recommendations**

- 1.36. The response of countries to the TSA *International Recommendations* deserves to be highlighted. In 2001, already 44 countries from all parts of the world and different degrees of development were involved in setting up a TSA. This number burgeoned to more than 70 in 2007.
- 1.37. Two world conferences organized by the UNWTO and the corresponding host countries, in Vancouver in 2001 and Iguazu Falls in 2005, deliberated on the importance for policy makers and other stakeholders of a TSA as a means to improve their knowledge of tourism in its relationship with other economic activities and thus to enhance their capabilities to take better decisions.
- 1.38. During this period, the UNWTO became a member of the UN system, and as part of the Coordination Committee of Statistical Activities, liaised with other international organizations in order to foster convergence with other statistical systems and this coordination gained increasing importance.
- 1.39. Most international statistical standards, to which tourism statistics and the TSA are intrinsically linked, initiated their process of review: the international classifications of products (CPC) and of activities (ISIC), the Balance of Payments and International Investment Position Manual, the System of National Accounts, etc. The TSA can now be integrated into those reviews and by the same token, be itself updated in light of them.
- 1.40. This process involved not only the Inter Agency Coordination Group on Tourism Statistics, but also the member countries. They were consulted through an electronic forum as well as through various meetings, including the UNWTO Statistical Committee, the International Workshop on Tourism Statistics (July 2006) and the United Nations Expert Group meeting on Tourism Statistics in June 2007.
- 1.41. The TSA: RMF 2000 represented a major revision, because the structural consistency with the other frameworks (principally the SNA 1993) compelled refinements to the definitions that had been adopted in the 1993 *Recommendations on Tourism Statistics*, regarding in particular the forms of tourism, categories of tourism consumption and classifications of tourism products and productive activities.
- 1.42. The present version is basically an update of the former one that takes into account the new 2008 *International Recommendations on Tourism Statistics*, the updates of other macroeconomic related frameworks, and the experience of member countries in implementing the TSA. It benefited from:
  - clarification of the differences between tourism expenditure and the more inclusive concept of tourism consumption;

- work done by tourism experts in participating in the updates of the other international standards and obtaining an improvement of the international classifications of productive activities and products particularly significant for the description and analysis of tourism;
- progresses in the understanding of the relevance of tourism employment;
- increased understanding of the meaning and usefulness of the tables and of tourism aggregates.

1.43. The main differences between the 2000 TSA: RMF and the present updated document refer basically to the clarification of the concepts of tourism expenditure and tourism consumption, that of the treatment of goods acquired by visitors, and proposals for taking into consideration new forms of vacation home ownership as well as the meetings industry. They are presented in Annex 1, with the exception of those that are the direct consequences of the changes in IRTS that can be consulted in Annex 1 of IRTS 2008.

1.44. Finally, it should be mentioned that the present *International Recommendations* make references to SNA 1993, as well as to the draft of the sixth edition of the IMF's *Balance of Payments Manual (BPM6)*, which was discussed by the IMF's Balance of Payments Committee at a meeting during October 29 – November 1, 2007. These references will be updated as the final version of *BPM6* becomes available and Rev.1 of SNA 1993 is completed.

### **C. Content and structure of the 2008 Tourism Satellite Account: Recommended Methodological Framework**

1.45. Chapter 1 provides a general introduction and explains the particularity of the TSA: RMF 2008 as related to the other tourism statistics standard (IRTS 2008), highlights the usefulness of the application of this new statistical instrument and presents a short history of the process leading up to the release of this updated document.

1.46. Chapter 2, *The demand perspective: concepts and definitions*, summarizes most of the concepts presented in IRTS 2008 (chapter 2 to 4), and introduces the concept of tourism consumption which extends that of tourism expenditure used in the IRTS 2008. Special issues are also discussed such as tourism consumption that is also intermediate consumption of producing units in the SNA 1993, services provided within households for their own benefit, housing services on own account or free of charge. Additionally the concept of tourism single-purpose consumer durables is further developed.

- 1.47. In the present *International Recommendations*, it is suggested that tourism internal consumption could be complemented by other components of internal demand, such as tourism collective consumption and tourism gross fixed capital formation, to form an extended demand aggregate called “Total tourism internal demand”. As a consequence, the remaining paragraphs of chapter 2 specify the contents of the two additional components that make up total “tourism internal demand”.
- 1.48. Chapter 3, *The supply perspective: concepts and definitions*, summarizes much of what has been said on the topic in IRTS 2008 (chapters 5 and 6). It underlines specific aspects that will be important when setting up the TSA tables, in particular the case of services associated with vacation home ownership under all of its types and that of reservation services. It also mentions some important variables that characterize the tourism industries such as gross direct value added, employment and gross fixed capital formation.
- 1.49. Chapter 4, *Tables, accounts and aggregates*, is the center of the TSA: RMF 2008 methodological design and includes a set of 10 tables. This chapter illustrates how the tables rely on the coherence established in chapters 2 and 3 between concepts, definitions and classifications, and emphasizes those aspects which are considered to be the most relevant. It describes the content of each of the tables and their mutual links. It also introduces the different aggregates that might be derived to characterize the size of tourism.
- 1.50. Various annexes complement the present *International Recommendations*:
- Annex 1 presents schematically the updates that have taken place between TSA: RMF 2000 and TSA: RMF 2008;
  - Annex 2 presents the relationship between the Tourism Satellite Accounts and the central framework of the System of National Accounts, an important issue that is in the background of most of the conceptual decisions;
  - Annex 3 describes the effect of recording reservation services separately on the different aggregates related to tourism consumption: domestic, inbound and outbound tourism consumption;
  - Annex 4 describes the treatment of goods and of retail trade activities in the TSA, and in particular in table 6 and the calculation of tourism direct gross value added;
  - Annex 5 suggests additional lists of products and codes that might be helpful: the list of tourism single-purpose consumer durables, the list of tourism-specific capital goods and the CPC codes corresponding to products considered as part of Tourism Collective Consumption;

- Annex 6 introduces briefly to the measurement of the economic impacts of tourism building on information provided by the TSA framework;
- Annex 7 mentions the main topics related to the application of the framework at subnational levels; and finally
- Annex 8 introduces the OECD Tourism Employment module.

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Notes:

<sup>1</sup> Commission of the European Communities, International Monetary Fund, Organization for Economic Cooperation and Development, United Nations and World Bank, System of National Accounts, 1993 (Brussels/Luxembourg, New York, Paris, Washington, D.C., 1993)

<sup>2</sup> See *ibid.*, chap. XXI

<sup>3</sup> *Ibid.*, Sales No. 69.XVII.3

<sup>4</sup> Paris, Organisation for Economic Cooperation and Development, 1991

<sup>5</sup> See “Resolutions of the International Conference on Travel and Tourism Statistics” (World Tourism Organization, 1991).

<sup>6</sup> United Nations publications, Sales No. E.94.XVII.6

<sup>7</sup> *Ibid.*, Part One

<sup>8</sup> *Ibid.*, Part Two

<sup>9</sup> Official Records of the Economic and Social Council, Supplement No. 6 (E/1993/26), para. 154

<sup>10</sup> See Official Journal of the European Communities, No L 291 (6 December 1995)

<sup>11</sup> “Tourism Satellite Account (TSA): The Conceptual Framework,” document dated June 1999, submitted to the Enzo Paci World Conference on the Measurement of the Economic Impact of Tourism, Nice, 15 to 18 June 1999.

<sup>12</sup> See Official Records of the Economic and Social Council, 2000, Supplement No. 4 (E/2000/24), para. 1

<sup>13</sup> United Nations Publications, Sales No E.01.XVII.9

## **Chapter 2      The demand perspective**

- 2.1. Travel relates to the activity of travelers. A traveler is someone who moves between different geographic locations, for any purpose and any duration (IRTS 2008 para. 2.4.). Travel has economic effects mainly in the places visited by the traveler, and has become an important field of economic observation. The measurement of the expenditure of international travelers outside their country of residence is the purpose of the *travel* item of the Balance of Payments.
- 2.2. Tourism is more limited than travel as it refers to specific types of trips: those that take a traveler outside his/her usual environment for less than a year and for a main purpose other than to be employed by a resident entity in the place visited. Individuals when taking such trips are called visitors. Tourism is therefore a subset of travel and visitors are a subset of travelers (IRTS 2008 paras. 2.6. to 2.13.) both in an international context and in a domestic one. This distinction and the definition of residence in exactly the same terms as in the Balance of Payments and in the System of National Accounts is crucial to the possibility of sharing and reconciling data coming from these different sources for the measurement of the flows and the expenditures of international travelers and visitors.
- 2.3. The notion of activity encompasses all that visitors do for a trip or while on a trip. It is not restricted to what could be considered as *typical* tourism activities such as sightseeing, sunbathing, visiting sites, etc. Traveling for the purpose of conducting businesses, for education and training, etc. can also be part of tourism if the conditions that have been set up to define tourism are met (IRTS 2008 para. 3.17.). The TSA focuses on the economic dimension of tourism trips (IRTS 2008 para. 2.29.), mostly through expenditure by visitors or by others for their benefit. Being a visitor is a transient situation, related to a specific trip. Once the trip is over, the individual loses his/her condition of being a visitor.
- 2.4. The TSA is also interested in other types of transactions on goods and services, such as gross fixed capital formation (see paras. [2.44.](#) to [2.56.](#)) and the consumption by different levels of government of tourism collective services, concepts that will be described later on (see paras. [2.57.](#) to [2.65.](#)).

### **A.      Background**

- 2.5. Most of the economic activities associated with visitors occur while they are outside their usual environment and have effects on local or national economies different from that of their usual environment. Nevertheless, the TSA also includes consumption that usually happens within the usual environment as for instance that of potential visitors in anticipation of trips (such as the acquisition

of small items to take along to use or give away or purchases of camping gears, luggage or travel insurance, travel agency services, or transportation services from the usual environment to the place visited).

### **A.1. Usual environment**

- 2.6. The concept of usual environment, a fundamental element for the definition of tourism, is defined (IRTS 2008 paras. 2.21. to 2.25.) as the geographical area (though not necessarily a contiguous one) within which an individual conducts his/her regular life routines. It differs from that of residence, as used in the SNA 1993 and the Balance of Payments Manual<sup>1</sup> and from that of place of usual residence used in household statistics.
- 2.7. The concepts of country of residence and place of usual residence within a country (IRTS 2008 paras 2.16. to 2.18.) are attached to households, while in tourism statistics the usual environment is a characteristic attached to individuals. Two individuals, members of the same household, necessarily have the same country of residence and place of usual residence within this country, but their usual environments might differ to some extent.
- 2.8. The concepts of country of residence and of place of usual residence within a country are used in the context of tourism statistics, alongside with that of usual environment that determines the fact of being a visitor to a given location. In tourism statistics, visitors to a place are classified according to their country of residence in the case of international visitors, according to their place of usual residence in the case of domestic visitors (IRTS 2008 para. 2.18.).

### **A.2. Vacation homes**

- 2.9. Each household has a principal dwelling, usually defined with reference to the time spent there, whose location determines the country of residence and place of usual residence of this household and all of its members. All other dwellings (owned or leased medium or long term by the households) are considered as secondary dwellings (IRTS 2008 para. 2.26.).
- 2.10. IRTS 2008 explicitly excludes secondary dwellings used as vacation homes (those visited mainly for recreation purposes) from the usual environment, regardless of how close they are to the usual place of residence, the frequency of the visits and duration of stay (provided such duration does not turn this secondary dwelling into the principal dwelling of the household) (IRTS 2008 paras. 2.27. and 2.28.).

- 2.11. A vacation home may be located either in the same national territory as the usual residence of the household or in a different one. The Balance of Payments Manual and the SNA are the reference to determine the treatment to be given to a vacation home owned in a different economic territory in tourism statistics.

### **A.3. Duration of a trip**

- 2.12. A visitor (domestic, inbound or outbound) is classified as a **tourist** (or **overnight visitor**), if his/her trip includes an overnight stay, or as a **excursionist** (or **same-day visitor**) otherwise. (IRTS 2008 para. 2.13.).
- 2.13. Most same-day visitors are domestic visitors, but there are also cases of international same-day visitors in particular in small countries or when border crossings are especially easy. For some countries, consumption by same-day visitors may constitute an important component of tourism consumption.
- 2.14. The volume of tourism can be characterized, not only by the number of trips, but also by the number of overnights. The duration of a trip is an important variable in assessing the level of demand for tourism services, such as overnight accommodation services, as well as in estimating total expenditure associated with a trip.

### **A.4. Main purpose of a trip**

- 2.15. The main purpose of a trip is defined as the purpose in the absence of which the trip would not have taken place (IRTS 2008 para. 3.10.).
- 2.16. The main purpose of a trip is one of the criteria used to determine whether the trip qualifies as a tourism trip and the traveler qualifies as a visitor. For instance, as long as it is incidental to the trip, a visitor might earn some income during his/her stay (e.g. youngsters taking small jobs during their trip in order to generate income and partly finance their expenses). Nevertheless, if the main purpose is to be employed and earn an income, then the trip cannot be a tourism trip and the individual taking the trip cannot be considered as a visitor but as an "other traveler" (IRTS 2008 para. 3.11.).
- 2.17. Information on the purpose of the tourism trip is useful for characterizing tourism expenditure patterns. It is also important in identifying key segments of tourism demand for planning, marketing and promotion purposes (IRTS 2008 para. 3.12.).
- 2.18. Based on their main purpose, trips made by tourists and same-day visitors may be classified (IRTS 2008 paras. 3.14. to 3.17.) in the following categories:

1. Personal
  - 1.1. Holidays, leisure and recreation
  - 1.2. Visiting friends and relatives
  - 1.3. Education and training
  - 1.4. Health and medical care
  - 1.5. Religion/pilgrimages
  - 1.6. Shopping
  - 1.7. Transit
  - 1.8. Other
2. Business and professional

#### **A.5. Classification of visitors**

- 2.19. For analytical purposes, countries may wish to further disaggregate and typify their markets, based on additional characteristics of visitors and their trips, either by taking each characteristic individually or by cross-classifying characteristics. Visitors might be also grouped according to their personal characteristics, their belonging to a travel party, use of a package, main type of accommodation, main mode of transport used, etc. (IRTS 2008 Ch. 3). The possibility of using these criteria will obviously depend on the availability and reliability of detailed information.
- 2.20. A key classification of visitors is that related to the different forms of tourism (IRTS 2008 paras. 2.39. and 2.40.), in particular:
- *International visitors.* An international traveler qualifies as an international visitor with respect to the country of reference if: (a) he/she is on a tourism trip (IRTS 2008 para. 2.8.) and (b) he/she is a non-resident traveling in the country of reference or a resident traveling outside of it (IRTS 2008 para. 2.42.).
  - *Domestic visitors.* From the perspective of the country of reference, a domestic traveler qualifies as a domestic visitor if: (a) he/she is on a tourism trip and (b) he/she is a resident traveling in the country of reference (IRTS 2008 para. 2.49.).

### **B. Tourism expenditure and tourism consumption**

#### **B.1. Definition and scope of tourism expenditure**

- 2.21. IRTS 2008 para. 4.2. defines tourism expenditure as “the amount paid for the acquisition of consumption goods and services as well as valuables, for own use or to give away, for and during tourism trips. It includes expenditures by visitors themselves as well as expenses that are paid for or reimbursed by others”.

- 2.22. IRTS 2008 para. 4.5. specifies “In addition to the monetary expenditure on consumption goods and services paid directly by the visitors, tourism expenditure includes in particular :
- Monetary expenditure on consumption goods and services paid for directly by the employer for employees on business travel;
  - Monetary expenditure by the visitor refunded by a third party, either employers (business, government and NPISH), other household or the social insurance scheme;
  - Monetary payment made by visitors for the individual services provided and subsidized by government and NPISH in the areas of education, health, museums, performing arts, etc.;
  - Out of the pocket payments for services provided to employees and their families on tourism trips financed principally by employers such as: subsidized transport, accommodation, stays in holiday residences of employers, or other services;
  - Supplementary payments made by visitors to attend sports or any other cultural events on the invitation of, and principally paid by, producers (business, government, NPISH)”.
- 2.23. Tourism expenditure does not include other type of payments that visitors might make that do not correspond to the acquisition of goods or services such as payment of taxes, of interest, purchase of financial and non-financial assets, etc. and the IRTS makes explicit mention of these excluded payments (IRTS 2008 paras. 4.6. and 4.7.).
- 2.24. The 3 first TSA tables use the concept of tourism expenditure, and this expenditure is presented according to their different categories (see paras. [4.36.](#) to [4.40.](#)).

## **B.2. Definition and scope of tourism consumption**

- 2.25. Tourism consumption has the same formal definition as tourism expenditure. Nevertheless, the concept of tourism consumption used in the TSA goes beyond that of tourism expenditure. Actually, besides “the amount paid for the acquisition of consumption goods and services, as well as valuables for own use or to give away, for and during tourism trips” that corresponds to monetary transactions (the focus of tourism expenditure), it also includes services associated with vacation accommodation on own account, tourism social transfers in kind, and other imputed consumption. These transactions need to be estimated using sources different from information collected directly from the visitors such as reports on home exchanges, estimations of rents associated to vacation homes, calculations of FISIM, etc.

- 2.26. More precisely, beyond acquisitions already included in tourism expenditure, it includes imputed consumption and other adjustments and in particular:
- The imputed value of barter transactions (e.g. temporary exchange of dwellings for vacation purposes);
  - The imputed value of goods (vegetables, fruits, game, fish, etc.) produced on own account from the vacation home or resulting from recreation activities (gardening, hunting, fishing, etc.) outside the usual environment;
  - The value of services (either market or for own final use) associated with vacation accommodation on own account (secondary dwellings for vacation purposes, and all other types of non traditional vacation home ownership);
  - The value of Financial Intermediation Services Indirectly Measured (FISIM)<sup>2</sup> included in any interest paid by visitors on tourism expenditure;
  - The net cost for hosts of receiving visitors in terms of increased expenditure on food, utilities, invitations, presents, etc. (see paras. [2.34.](#) to [2.36.](#));
  - The cost for producers (businesses, governments and non profit institutions serving households (NPISH)) of expenditures by employees on business trips that do not involve a monetary disbursement by the employee (transportation services provided free of charge or at subsidized price to their employees by carriers, accommodation or meals provided free of charge or at subsidized price to employees by hotels, etc.) ([see para. 2.32.](#));
  - The net cost (i.e net of employees' out of pocket payment), for producers, of additional services provided to their employees and their family as visitors beyond those already included in tourism expenditures such as: cost of free or employer-subsidized transportation, cost of accommodation in vacation centers, etc.
  - The part of the value of what SNA 1993 qualifies as government consumption expenditure on individual non-market services on products such as education, social services, health, museums, recreation services, etc. that can be considered as benefiting visitors and that SNA93 describes as social transfers in kind (SNA 1993 paras. 8.99. to 8.106.);
- 2.27. The concept of tourism consumption will be used in the TSA in tables 4 and 6, and will be the basis for the compilation of tourism direct gross value added and tourism direct gross domestic product.
- 2.28. For the purpose of the present *International Recommendations* the following characteristics of tourism consumption need to be highlighted:

- As already mentioned, by contrast with tourism expenditure, tourism consumption is not restricted to monetary transactions: it also encompasses barter transactions, transactions on own account (of which accommodation services provided by owner-occupied vacation homes represent an important part), remuneration in kind, and other forms of transfers in kind by producers as well as transactions by government that are described as social transfers in kind according to the SNA 1993;
- As is also the case of tourism expenditure, the scope of expenditures made by others for the benefit of visitors is broader than what is recognized in the concept of acquisition by households or individuals of the National Accounts, as it also encompasses all expenditures made by producers that benefit their employees or their guests, even that part that the SNA 1993 considers within the intermediate consumption of these producers (IRTS 2008 para. 4.36.(g));
- It excludes purchases for unorganized external trade (“shuttle trade”) as these purchases do not constitute personal consumption for the visitor but correspond to goods that the visitor intend to sell when he/she has returned to his/her usual environment;
- Similarly to tourism expenditure, tourism consumption includes all acquisition of individual goods and services that the SNA 1993 considers as consumption goods or services (IRTS 2008 para. 4.4.). The acquisition of valuables irrespective of their value that are not considered as consumption goods is also included. On the other hand, tourism consumption excludes all expenditure that does not correspond to the acquisition of a good or service such as transfer payment, taxes other than taxes on goods and services included in the purchasers’ price, interest, etc. (IRTS 2008 para. 4.6.);
- The SNA 1993 considers as part of the Gross Fixed Capital Formation of households the acquisition of dwellings (main and others) as well as all major maintenance and repairs attached to these assets. Tourism statistics and the TSA will follow similar rules (IRTS 2008 para. 4.7.): as a consequence, these expenditures as well as those associated with the acquisition and major repairs of innovative types of vacation home ownership such as timeshare, fractionals, etc., are to be excluded from tourism consumption but will be part of tourism gross fixed capital formation ([see Annex 5](#));
- Tourism consumption happens when the ownership of the good is transferred or when the service is provided to and consumed by the visitor. This moment can be different from the moment in which the payment is made or is due; payments can happen before the acquisition (an anticipated payments), or after (use of credit cards, loans, etc.);

- Generally speaking, tourism expenditure includes acquisition for and during trips. When occurring before a trip, tourism expenditure only includes acquisition of services related to the trip itself, of goods of small unit value intended to be used on the trip or brought along to give away as well as of single-purpose consumer durables (IRTS 2008 para. 4.11.): all acquisition while on trips of consumption goods, of valuables and of services are included in tourism expenditure irrespective of their unit value (IRTS 2008 para. 4.10.). The same rule applies for tourism consumption.

### B.2.1. Categories of tourism consumption

2.29. As in the case for tourism expenditure (IRTS 2008 paras. 4.15. and 4.20.), different categories of tourism consumption based on the country of residence of the transactors involved (the visitor and the provider of the good or service acquired), can be defined and related to the different forms of tourism (IRTS 2008 paras. 2.39. and 2.40.). This relationship is presented schematically in Figure 2.1.

<b>Figure 2.1. Forms of tourism and categories of tourism consumption</b>	
<b>Domestic tourism:</b> comprises the activities of a resident visitor within the country of reference either as part of a domestic trip or part of an outbound trip.	<b>Domestic tourism consumption:</b> is the tourism consumption of a resident visitor within the economy of reference ;
<b>Inbound tourism:</b> comprises the activities of a non-resident visitor within the country of reference on inbound trips.	<b>Inbound tourism consumption:</b> is the tourism consumption of a non-resident visitor within the economy of reference.
<b>Outbound tourism:</b> comprises the activities of a resident visitor outside the country of reference either as part of an outbound trip or as part of a domestic trip.	<b>Outbound tourism consumption:</b> is the tourism consumption of a resident visitor outside the economy of reference.
<b>Internal tourism:</b> comprises domestic and inbound tourism, that is, the activities of resident and non-resident visitors within the country of reference as part of domestic or international trips.	<b>Internal tourism consumption:</b> is the tourism consumption of both resident and non-resident visitors within the economy of reference. It is the sum of domestic tourism consumption and inbound tourism consumption.
<b>National tourism:</b> comprises domestic and outbound tourism, that is, the activities of resident visitors, within and outside the country of reference either as part of domestic or outbound trips.	<b>National tourism consumption:</b> is the tourism consumption of resident visitors, within and outside the economy of reference. It is the sum of domestic tourism consumption and outbound tourism consumption.

- 2.30. The present *International Recommendations* will restrict their scope to tourism consumption associated with visitors taking trips within, towards or from the country of reference. The effect on a given economy of the consumption of visitors without any contact with the economic territory will not be considered under any of the categories of tourism consumption related to this territory. For instance, the airfare of a US resident flying directly from New York to Paris on British Airways would not be included in any of the forms of tourism consumption for the United Kingdom.

### **B.3. Special issues**

- 2.31. Several issues require particular attention in the definition of tourism consumption: tourism consumption as an intermediate consumption of producers, services provided within a household for its own final use, services provided by owner-occupied vacation homes and tourism single-purpose consumer durables.

The treatment of goods that are part of tourism consumption is described in Annex 4.

#### **B.3.1. Tourism consumption as an intermediate consumption of producers (business, government and NPISH)**

- 2.32. The definition of visitors covers not only individuals who travel for personal reasons but some of those traveling for business purposes as well. The consumption of these visitors can be paid for totally or partially by businesses, by government or by NPISH that employ them or on whose behalf they are traveling. Such payments may be made through different procedures: either paying directly the providers for their consumption, being the provider of such service, or allocating a lump sum to the employee on travel to cover these additional costs, or a combination of the three of them. In some cases, in particular for transportation and accommodation expenditures, the SNA 1993 considers these expenditures as part of the intermediate consumption of the producing unit irrespective on the procedure used for its acquisition. As a consequence, this consumption does not fall under the SNA concept of household final/actual consumption expenditure although in tourism statistics, it is part of tourism consumption as it is considered as the acquisition of services associated directly with the activities of a visitor on his/her trip.
- 2.33. This difference in scope should not be forgotten when trying to compare aggregates related to tourism consumption with aggregate household final consumption, as the scope of tourism consumption extends beyond that of household final consumption so that tourism consumption is not always part of household final consumption of the corresponding individuals.

### **B.3.2. Services provided within the household for the benefit of its members**

- 2.34. Services provided by a household for own consumption by its own members are usually excluded from the production boundary of the SNA 1993, with two exceptions: the provision of services by owner-occupied dwellings and the production of domestic services by employing paid staff. The TSA: RMF 2008 adopts these conventions. As a consequence, in this framework a household's provision of transport services to itself (e.g., driving the family to a destination outside the usual environment of its members), or the service produced in the preparation of meals (e.g., preparing and serving meals for the family in self-catering lodging on a trip) are outside the boundary of production, and are excluded from the measurement of tourism consumption.
- 2.35. As a consequence, countries that may be interested in imputing a value to such services are encouraged to do it in such a way that allows for excluding these values for international comparability. It is also important to be careful with such imputations when establishing the contribution of tourism to GDP as the calculation of a share requires that the value appearing in the numerator be also comprised within the total value of the denominator.
- 2.36. Regarding the services rendered by one household to the visiting members of another household free of charge, whether a service should be estimated or not depends on how the SNA 1993 and balance of payments principles are understood and applied, and this also comprises the case of housing services provided to visitors within the main dwelling of a household. If there is such estimation, only the increase in the consumption of the household due to the purchase of goods and services required to provide those services or the direct purchase of services for the benefit of the visitor (an invitation to a restaurant or a show) is recorded (when feasible) as part of tourism consumption (expenditure for the benefit of a visitor) and a counterpart transfer in kind is received and paid.

### **B.3.3. Housing services provided by vacation homes on own account**

- 2.37. For the sake of comparability between households renting their dwellings and those occupying a dwelling they own, and because of the importance of housing expenses within the current expenditure faced by a household, the SNA 1993 recommends the imputation of a housing service on own account for all dwellings occupied and used by their owners. When this occurs, the value of housing services is estimated, based either on the characteristics of the dwelling and costs of maintenance or, when an active and representative rental market exists, on the actual average market rental for similar units.

- 2.38. This recommendation does not apply only to the principal dwelling of a household but to all other dwellings owned and retained for the use of its members; thus, it also applies to vacation homes used on own account. The value of the housing service has to be imputed, both as a production activity for the owner and as part of tourism consumption. This service is part of tourism supply and of tourism consumption irrespective of whether the dwelling has been actually visited in the period of reference on a tourism trip or not.

#### **B.3.4. Tourism single-purpose consumer durables**

- 2.39. Durable goods are goods that “may be used repeatedly or continuously over a period of a year or more, assuming a normal or average rate of physical usage”<sup>3</sup>. These can have any unit value, but the present analysis will focus on those of a relatively high unit value acquired by individuals for their personal use. When acquired by producers, these are considered to be capital goods used for production processes as is the case of vehicles, computers, etc. When acquired by households, they are considered to be consumer durable goods.
- 2.40. From a tourism perspective, two types of consumer durables can be identified: those used almost exclusively for trips or while on trips and, those that can be used in multiple circumstances (that is both while on tourism trips and within the usual environment). The former includes items such as luggage, camping gear, or motor homes while the latter group includes items such as cars or cameras that can be used intensively both in the usual environment and on trips.
- 2.41. A specific category of goods called tourism single-purpose consumer durables is created within consumer durables to include durable goods that are used exclusively, or almost exclusively by individuals while on tourism trips.
- 2.42. Because their use occurs almost exclusively during trips, it is recommended that the acquisition of tourism single-purpose consumer durables be also included in tourism expenditure, when the purchase occurs before a trip. This is not the treatment recommended for other consumer durables of important unit value, which acquisition is included in tourism expenditure only if it occurs while on trips.
- 2.43. A list of such tourism single-purpose consumer durable goods is provided in Annex 5. However, in recognition of the variety among countries and regions in the types of activities that individuals might undertake within their usual environment, flexibility is recommended to countries when defining their own list of single-purpose consumer durables.

### C. Tourism gross fixed capital formation

- 2.44. The SNA 1993 defines gross fixed capital formation as the “total value of a producer’s acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets realized by the productive activity of institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly or continuously in other processes of production for more than one year” (SNA 1993, para. 10.33.).
- 2.45. The analysis of stocks and flows of physical investment is particularly important for tourism because, in most circumstances, tourism is not possible on a relevant scale if there is a lack of basic infrastructure for transportation, accommodation, recreation, health services, and other facilities, that determine, to a large extent, the nature and intensity of visitor flows.
- 2.46. Tourism driven investment can roughly be classified in three main categories as follows:
- Tourism specific fixed assets;
  - Investment by the tourism industries in non tourism specific fixed assets;
  - Tourism related infrastructure.
- 2.47. Because of their specific nature and design, *tourism specific fixed assets* are used exclusively or almost exclusively in the production of tourism characteristic goods and services. If tourism did not exist, such assets would be of little value as they could not easily be converted to non-tourism applications. It includes for instance railway passenger coaches, cruise ships, sight seeing buses, hotel facilities, convention centers, marinas, ski lifts, etc. Vacation homes are also included in this category although in this case, they might easily be modified from secondary to principal dwelling of a household (IRTS 2008 para. 2.27.).
- 2.48. Annex 5 provides a broad classification of such assets that is consistent with the classification of tangible produced fixed assets used in the SNA 1993.
- 2.49. *Investment by the tourism industries in non tourism specific fixed assets* are fixed assets considered as tourism-related, not due to the nature of the assets themselves, but due to the use which is made of them, by a tourism industry ([see para. 3.11.](#)). This category includes for instance hotel or travel agency computer systems, hotel laundry facilities, etc.. Because of the great diversity of assets that can potentially be part of this category, there is no specific recommendation regarding classification different from that recommended in general in the SNA 1993, and countries are encouraged, when feasible, to identify some specific classes of such assets that might be significant in their national economy.

- 2.50. *Tourism related infrastructure* that is put in place principally by the public authorities to facilitate tourism is usually even more difficult to identify: It might have been developed in a specific moment in time for this specific purpose, or it might in fact facilitate tourism, although this has not necessarily been the primary or the unique objective of the investment.
- 2.51. Though these assets are needed within the production process of particular tourism services, they are not always expressed as a factor of this production process, an example of it being land transportation that is not possible without roads. Nevertheless, the use of these assets (if there is no fee attached to their use) usually is not taken as a cost of production from the point of view of the individual producer, but only in general representations that take into consideration the social costs of production activities.
- 2.52. Similarly, visitors rarely stay in places where there is no infrastructure for clean water, sewerage, electricity, telecommunications, health services, etc.. However, their use of such services might be only an eventuality as with health services for instance or indirect through the quality of the tourism services they receive.
- 2.53. In summary, *tourism related infrastructure* presents particular features:
- (a) The asset might have been produced or acquired with the purpose of being exclusively or principally used by visitors, such as the development of beach or ski sites especially oriented towards visitors, the opening of a special road to service a resort, but that will be put freely at the disposition of the users, so that there is no identifiable production process associated with their use;
  - (b) At the time the investment was made and decided, it might have been done with the view of its exclusive or principal use by visitors in a specific moment in time (case of public investments for a special event such as an international sports event (Olympic games, Soccer or Cricket World Cup, or an important international meeting, etc.), but a later non tourism use has also been taken into consideration in approving this investment (future use of sport, transport or accommodation facilities by the usual residents; transformation of temporary accommodation for athletes during the event into permanent housing projects, etc.);
  - (c) It might be directed generally to all activities, and besides have positive effects on tourism (case of an airport open to all types of traffic, a non toll road, a hospital in a region occasionally used by visitors) because in its absence, tourism would probably be of a lesser intensity.
- 2.54. Because of the difficulties of identifying tourism investments, it is recommended that the TSA focus primarily on *tourism specific fixed assets* and *Investment by the tourism industries in non tourism specific fixed assets*. Nevertheless, if it is possible to identify elements of *tourism related infrastructure* that is beyond any

doubt of almost exclusive benefit to tourism, countries are encouraged to include their value in tourism gross fixed capital formation although it is not included in the recommended TSA table 8.

- 2.55. Finally, it must be observed that tourism gross fixed capital formation of the compiling economy relates to produced fixed assets operated by resident producers. It excludes assets operated within the economic territory by non-residents (with the exclusion of vacation homes). This may be the case in particular of mobile assets (such as aircrafts, trains, ferries, cruise ships, autobuses, etc.) which are crucial for tourism but are not always operated by residents.
- 2.56. Until more discussion and research is carried out there is no proposal for a specific aggregate for tourism gross fixed capital formation for the purposes of international comparison. Notwithstanding these measurement challenges, the general concept of tourism gross fixed capital formation is considered as an important one, and included within the broader concept of total tourism internal demand.

#### **D. Tourism collective consumption**

- 2.57. Governments have two broad economic responsibilities: to provide selected goods and services to the community on a non-market basis and to redistribute income and wealth by means of implicit or explicit transfer payments.
- 2.58. Governments play several roles in tourism: they provide legislation and regulation regarding the way visitors should be received and served, and the rules that visitors must follow; they act for the general promotion of tourism to the country or to a specific region; they develop the instruments that make the evaluation of the tourism policies possible; they maintain order and security so that tourism may occur; they maintain the space that is in the public domain, etc. They also provide a certain number of services that have already been mentioned such as education, health, cultural services at prices that are not economically significant and from which visitors might also benefit.
- 2.59. Governments also often provide support through different types of incentives: direct provision of services, development funds to support specific tourism oriented investments, tax incentives or subsidies to orient investments towards specific geographic areas or domains of activity, direct investments in infrastructure (roads, hospitals, airports, etc.), or the development of public enterprises in areas such as transport, accommodation, recreation facilities, etc.
- 2.60. Within the categories used in the SNA 1993 in order to analyze and describe the activities deployed by governments, production (combining inputs to obtain outputs) is viewed differently from providing subsidies, tax incentives or current or capital transfers (offering resource *in quid pro quo*) or financing (dealing with financial assets and liabilities).

- 2.61. In a TSA perspective, the provision of individual services on a non-market basis benefiting visitors is already covered under tourism consumption as social transfers in kind. Nevertheless, there is also interest in observing the provision of the so-called collective non-market services that have the following characteristics (SNA 1993, para. 9.83.):
- They can be delivered simultaneously to every member of the community or to particular sections of the community, such as those in a particular region or a locality;
  - The use of such services is usually passive and does not require the explicit agreement or active participation of all the individuals concerned;
  - The provision of a collective service to one individual does not reduce the amount available to others in the same community or section of the community; i.e., there is no rivalry in acquisition.
- 2.62. Because of the characteristics of such services, the SNA 1993 does not assign the value of collective non-market services to household consumption or to any other transactor as is the case with individual non-market services. A specific category is created, that of collective consumption expenditure of general government, which is not further assigned to eventual beneficiaries (SNA 1993, para. 9.75.) and constitutes the actual final consumption of general government within a national accounting perspective.
- 2.63. Collective non-market services might also include government expenditures that benefit both consumers and producers and even expenditures that only benefit producers. When such services are provided free of charge to producers, as the system does not consider the possibility of intermediate consumption by producers of government non-market output, they have also to be considered as part of government collective consumption. Nevertheless, when similar types of services (for instance market promotion) are provided on a market basis or developed within a public-private partnership, in which the private sector provides all or part of the funds that are required, they are not considered as collective non-market services but as services provided by a market producer (which might receive a support from general government under the form of a current transfer) and considered as an intermediate consumption of the private sector.
- 2.64. Tourism related collective non-market services can be established on the basis of the CPC and the corresponding output and consumption can be measured as well as the GDP generated in the process. Annex 5 presents a list of such products. The total value of the consumption of these services will be called *tourism collective consumption*. In order to underline the economic importance of the actions undertaken by public authorities to create a favorable environment for the development of tourism, the TSA includes a specific measurement of

tourism collective consumption. Additionally, the total value of services similar to those belonging to tourism collective consumption but provided on a market basis should also be recorded as a memorandum item.

- 2.65. In addition, tourism collective consumption is considered within the broader concept of total tourism internal demand, although at present, this component has an experimental character due to the lack of experience in this field and measurement challenges. As a consequence, international comparisons should not be based on the estimate of this aggregate.

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Notes

<sup>1</sup> International Monetary Fund (IMF) Balance of Payments and International Investment Position Manual Sixth edition (BPM6), Draft – September 2007

<sup>2</sup> Financial intermediation services indirectly measured refer to services provided by financial intermediaries which are not charged for explicitly, but only implicitly through the difference in interest rates charged to borrowers and lenders. The 1993 SNA recommends allocating the total output of this activity as consumption among the various recipients or users of the services for which no explicit charges are made: this can be the case for visitors (see 1993 SNA, paras. 6.124.-6.131.).

<sup>3</sup> See 1993 SNA para. 9.38.

### **Chapter 3      The Supply perspective**

- 3.1. One of the most important issues that can be addressed with tourism statistics is the description and measurement of the role of tourism in the supply of goods and services. How important is it for the different activities serving visitors? How can its economic contribution be established in a way that is consistent with other macroeconomic measurements?
- 3.2. In response to this increased interest, the *2008 International Recommendations for Tourism Statistics* presents new important developments concerning the identification of products, (tourism characteristic and connected products and other consumption products), and tourism industries using internationally approved classifications of products (CPC, Ver. 2.) and of productive activities (ISIC, Rev. 4).
- 3.3. Chapters 5 and 6 of the IRTS 2008 are the basic references for the classification of products, the determination of tourism characteristic activities and tourism industries and the collection of statistics on supply; the present *International Recommendations* will only present a summary of the main issues of specific relevance for the TSA conceptual framework.

#### **A.      Classification of products and productive activities for tourism**

- 3.4. The Tourism Satellite Account is the conceptual framework for a comprehensive reconciliation of tourism data related with supply and demand and contemplates the more extended scope of total tourism internal demand including not only tourism consumption, but also tourism gross fixed capital formation and tourism collective consumption.
- 3.5. For this reason tourism measurement and analysis requires a particular classification of products and productive activities. The classification refers to (1) products, mainly (though not exclusively) those belonging to tourism expenditure, and (2) productive activities that are the basis for defining tourism industries.

#### **A.1.    Products**

- 3.6. The classification of products has been developed in IRTS 2008. Besides consumption products, it includes all other products that circulate in the economy of reference and have some relationship with tourism. Of these products, two main subgroups are defined (Consumption products / Non consumption products).

3.7. The classification that has been developed and its basic elements are defined as follows (IRTS 2008 para. 5.16.):

**A. Consumption products**

**A.1 Tourism characteristic products:** made of two subcategories

*A.1.i Internationally comparable tourism characteristic products* which represent the core products for international comparison of tourism expenditure; and

*A.1.ii Country-specific tourism characteristic products* (to be determined by each country by applying the criteria mentioned in IRTS 2008 para. 5.10. in their own context); for these products, the activities producing them will be considered as tourism characteristic, and the industries which principal activity is tourism-characteristic will be called tourism industries;

**A.2 Other consumption products** made of two subcategories, both to be determined by each country and, consequently, country-specific;

*A.2.i Tourism connected products* comprising other products according to their relevance for tourism analysis but that do not satisfy the criteria mentioned in IRTS 2008 para. 5.10.; and

*A.2.ii Non tourism-related consumption products* all other consumption goods and services that do not belong to the previous categories.

**B. Non consumption products** This category includes all products that, by their nature cannot be consumption goods and services and therefore, can neither be a part of tourism expenditure, nor of tourism consumption, except valuables that might be acquired by visitors on their trips. Two subcategories are defined:

*B.1 Valuables*

*B.2 Other non consumption products:* includes those products associated with tourism gross fixed capital formation and collective consumption.

**A.2. Tourism characteristics activities**

3.8. *Tourism characteristic activities* are those that typically produce *tourism characteristic products*. As the industrial origin of a product (the ISIC industry that produces it) is not a criterion for the aggregation of products within a similar CPC category, there is no strict one-to-one relationship between products and the industries producing them as their principal output. Two products of similar characteristics but produced by two different ISIC industries would be classified in the same CPC category.

3.9. *Tourism characteristic activities* will refer to both subcategories of tourism characteristic products (A.1.i and A.1.ii).

- 3.10. Figure 3.1. (IRTS 2008 para. 5.18.) presents the typology of tourism characteristic consumption products and activities, each of them grouped in the 12 corresponding categories to be used in the TSA tables. Categories 1 to 10 comprise the core for international comparison, in terms of CPC subclasses for products and ISIC classes for activities (IRTS Annex 3 and 4). The two other categories are country-specific with category 11 covering tourism characteristic goods for products and the corresponding retail trade activities for activities and category 12 referring respectively to country-specific tourism characteristic services and country-specific tourism characteristic activities.

<b>Figure 3.1. List of categories of tourism characteristic consumption products and tourism characteristic activities</b>	
<b>Products</b>	<b>Activities</b>
1. Accommodation services for visitors	1. Accommodation for visitors
2. Food and beverage serving services	2. Food and beverage serving activities
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services activities
9. Cultural services	9. Cultural activities
10. Sports and recreational services	10. Sports and recreational activities
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Country-specific tourism characteristic activities

### **A.3. Tourism industries**

- 3.11. A *tourism industry* represents the grouping of those establishments whose main activity is the same tourism characteristic activity. In supply side statistics, establishments are classified according to their main activity that is determined by the activity that generates the most value added.
- 3.12. “The “establishment” is defined operationally as “an enterprise or part of an enterprise that engages in one, or predominantly one, kind of economic activity at or from one location or within one geographical area, for which data are available or can meaningfully be compiled, that allow the calculation of the operating surplus” (SNA 1993 para. 5.2.).
- 3.13. Because establishments might have secondary activities, not all production of tourism characteristic products happens within tourism industries; on the other hand, tourism industries also have outputs that are not tourism characteristic products (IRTS 2008 paras. 6.17. to 6.20.).

## **B. Special issues**

### **B.1. Housing services provided by vacation homes on own account and other types of vacation home ownership**

#### **B.1.1. Full ownership**

- 3.14. The ownership of a vacation home on own account is peculiar, from a statistical perspective, because it generates both a tourism characteristic service and an equivalent tourism consumption. In the SNA 1993, a housing service on own account is associated with the ownership of a dwelling occupied by its owner, both as a production activity and as the output and consumption of a specific service. This situation covers both the principal dwelling and all other dwellings owned by a household for its own use. It covers in particular owner-occupied vacation homes.
- 3.15. The SNA includes the imputation for owner-occupied dwellings as a production activity and includes it in the ISIC class 6810 *Real estate activities with own or leased property* and the product obtained and consumed belongs to the CPC subclass 72111 *Renting or leasing services involving own or leased residential property*. No specific recommendation exists in the case of fully owned vacation homes.
- 3.16. These global categories are already included in the tourism characteristic products and activities. Countries are encouraged to create a specific subcategory for owner-occupied secondary dwelling, both as a product and as an “industry” when the incidence of owner-occupied vacation homes is significant enough (This is category 1.b in TSA tables 1 to 4).
- 3.17. It must be observed that, as there is a production process associated with the ownership of a vacation home, all day-to-day running expenses similar to those currently accruing to the owner of properties rented short term should be considered as intermediate consumption of the activity, and thus are not part of tourism consumption (SNA 1993 para.9.59.).

#### **B.1.2. Timeshares and other types of innovative vacation home ownership**

- 3.18. Lastly, there has been a trend towards the development of innovative types of vacation home ownership or similar (as the outright ownership of a fixed assets is not always involved) that combine the privacy of an owned vacation home with the amenities, services and flexibility offered by collective accommodation as well as a reduction of costs for the “owner” over the periods in which he/she is not making use of the “property” for him/herself. In the original timeshare system, what was purchased was a “right to use” a given physical property at a specific moment in time over its lifetime. Flexibility was gradually introduced in the system,

along different lines, relaxing the conditions concerning ownership of a specific physical asset, the lifetime of the project, or the fixity of the period of use, through the design of different types of administrative and financial constructs.

- 3.19. Besides timeshare, under its different modalities as deeded interests or other types of contractual arrangements including those operating like a club in which the membership gives the right to use any of the properties of the club, or of any other affiliated system, abiding to the rules that have been established, there are also new modalities such as condo hotels, fractionals and private residence clubs, hotel residences, etc.. In those modalities, there is a clear ownership of real estate, either shared with others (case of fractionals) or individual. But the system mixes ownership of the property and access to a broad array of services through the payment of specific “management” services, and it even provides the possibility to put the asset in a renting system within the structure of a hotel, when not used by its owner, a system that generates at the same time an income for the owner and a change in the supply of rooms by the hotel involved.
- 3.20. The TSA is restricted to the description of production and transactions on goods and services, so the full complexity of the SNA and Balance of Payments analysis is not required and a homogeneous treatment can be proposed that is as follows:
- A flow of services is associated with each physical unit sold through a timeshare or other arrangement. These services should be classified as short term accommodation (ISIC 5510 Short term accommodation activities, CPC 63113 Room or unit accommodation services for visitors in timeshare properties);
  - The value of these services should be estimated on the basis of the market rent for an equivalent unit;
  - Day to day running expenses including property management services and other current payments such as property taxes should be assigned as costs to the productive activity associated with the use of the property. As a consequence, the payments for management would not be assigned to the visitor as consumer but to the owner of the property or of the “right to use” as intermediate consumption.

## **B.2. Travel agencies, tour operators and other providers of reservation services**

- 3.21. The treatment of the reservation services provided by travel agencies, tour operators, and other providers should be equivalent, irrespective of how they generate their income (i.e., mark-ups, fees or commissions). The total amount paid by visitors for services they intermediate will be split into two parts (IRTS 2008 para. 6.50.):

- one corresponding to the value of the travel agency (or reservation) service (the gross margin (mark-up, fee or commission) earned) and;
  - the other corresponding to the value of the intermediated tourism services (the revenue of the producer net of the commission paid to the provider of reservation services).
- 3.22. In the case of package tours, three levels of services should be “unbundled”: the services themselves (e.g. transport, accommodation), the services provided by the tour operator and the margin of the travel agency (usually different from the tour operator) selling the tour.
- 3.23. This treatment will usually require the transformation of the basic statistical information obtained from the visitors, from travel agencies and tour operators and from the activities that use them to market their products in order to generate a data set that conforms to this perspective.
- 3.24. This treatment has important consequences for the precise content of domestic tourism consumption, inbound tourism consumption and outbound tourism consumption because the country of residence of the visitor, of the travel agency or provider of reservation services, of the tour operator and of the provider of the tourism service might differ. These consequences are described in Annex 3.

### **B.3. The meetings industry**

- 3.25. An increasingly important purpose for which visitors travel is to attend meetings, conferences and conventions.
- 3.26. Meetings, conferences and conventions are held by businesses across the spectrum of the economy. Businesses may hold them for their own employees. Membership organizations, professional organizations, political organizations may hold them for their members, educational institutions may hold them, private and public institutions may hold them for their own employees or for others, so it is an activity of any business, in any sector of the economy.
- 3.27. Until recently, no special attempt has been made to isolate the phenomenon or to estimate the revenues and costs associated with holding meetings, conferences and conventions. Enquiry into the activity of holding such events is of interest to tourism, because attending conferences is considered as a tourism activity for participants when they are outside their usual environment (IRTS 2008 para. 3.20.). Nonetheless, this strong connection with tourism does not imply that the meetings industry qualifies as a tourism industry: in fact, its characteristic output is not mostly consumed by visitors but by the conveners of conferences and conventions who provide services to participants at conferences, conventions, etc..

- 3.28. These specialized businesses render a support service to companies and to government, to professional and membership organizations and any organization that holds meetings, conferences and conventions. They also render a service to those whose facilities and services are used when conferences and conventions are held. The growth of conferences and conventions has also spawned the need for specialized technical and support services.
- 3.29. It has become necessary to recognize and delineate a place for their activity in the international classifications of products and activities, to determine the nature of the services they provide and how they should be measured. The activity is now recognized as ISIC 823 *Organization of conventions and trade shows* of which 8231 is *Organization of conventions*. The service provided is classified as CPC 855961 *Convention assistance and organization services*.
- 3.30. Countries or places in which visitors flows induced by conferences, meetings, conventions etc., are important are encouraged to analyze separately this category of visitors and their consumption.

## **C. Variables characterizing the tourism industries**

### **C.1. Gross value added**

- 3.31. As for all economic activities within the conceptual framework of the SNA 1993, the operation of the tourism industries in the sphere of production is best described by tables showing the product composition of the outputs, the product composition of the inputs and the remuneration to the factors of production involved in the process.
- 3.32. The contribution of a productive activity to the aggregate supply of goods and services in an economy is usually measured by its value added (the difference between the value of output and the value of inputs), a measurement which ensures that there is no duplication when different productive activities are compared and aggregated. The SNA 1993 defines:
- Gross value added as the value of output less the value of intermediate consumption;
  - Net value added as gross value added less consumption of fixed capital (that represents the corresponding decline in the value of the produced assets used in the production process).
- 3.33. Since value added is intended to measure the additional value created by a process of production in an economy, it should be measured net because the consumption of fixed capital is a cost of production. However, consumption of

fixed capital can be difficult to measure in practice, and it may not always be possible to make a satisfactory estimate of its value and hence of net value added (SNA 1993, paras. 6.4. and 6.5.). The present *International Recommendations* adopts the gross measurement of value added.

- 3.34. Gross value added is a measurement that relates to a production process taken as a whole -that is, a combination of inputs, capital goods, labor and technology- in order to obtain one or more outputs: it does not represent any combination of goods or services produced but is a measurement of the income generated in the process that remunerates the factors of production.
- 3.35. The gross value added of the tourism industries (GVATI) will be defined as the sum of the gross value added of all tourism industries. The TSA will also use another indicator of the link between the demand for goods and services by visitors (tourism consumption) and their supply by domestic producers, both tourism industries and non-tourism industries, that will be called Tourism Direct Gross Value Added (TDGVA). The definition of this indicator and the process for undertaking its estimation is considered in more detail in chapter 4.

## **C.2. Employment**

- 3.36. Employment is an important variable in the economic analysis of productive activities, and tourism is no exception. Tourism activities such as accommodation, food and beverage serving activities, recreation activities, etc. are relatively labor-intensive, often employ persons with low levels of qualification and they might be located in areas with little if any industrial development and concentration of productive activities.
- 3.37. Besides their frequent high labor intensity and use of low qualified manpower, the tourism industries present additional peculiarities that have to be taken into consideration when employment is concerned. In many instances, the flow of visitors, particularly in the case of inbound tourism, is not evenly spread over the year. As a consequence, employment in these industries will fluctuate seasonally and often with a higher intensity than in other industries.
- 3.38. These characteristics underline the importance of measuring employment through a set of complementary indicators including the number of jobs, total hours worked and full-time equivalent jobs (SNA 1993, paras. 17.4. to 17.18.) related to a predefined reference period (often a week) within the period of analysis (a month, a quarter, etc.). Complementarity and consistency among measures of compensation of employees and other measures of employment are also important considerations.

- 3.39. Chapter 7 of the IRTS 2008 describes concepts, definitions and basic categories of employment in the tourism industries from a general statistical rather than a specific national accounts perspective, and provides an insight into a broader range of indicators on tourism industries which could eventually be incorporated into the TSA within an expanded employment data integration framework ([see Annex 8](#)).

### **C.3. Gross fixed capital formation of the tourism industries**

- 3.40. Gross fixed capital formation is an important component of the description and analysis of the tourism industries. It is relevant to add that, from an industry perspective, not only is gross fixed capital formation an important variable but transactions in non-produced non-financial assets (such as land) and in non-produced intangible assets (such as landing rights or trade mark rights) may also be important in a broader perspective. The present *International Recommendations* suggests the collection of some additional information on these important supplementary variables.
- 3.41. Gross fixed capital formation of the tourism industries is one of the different perspectives already mentioned in relation to tourism gross fixed capital formation, (see para. [2.47.](#) to [2.49.](#)): it includes both the gross fixed capital formation of the tourism industries in tourism specific assets and this gross fixed capital formation in other assets, not considered as tourism specific.

## **Chapter 4      Tables, Accounts and Aggregates**

- 4.1. The 10 tables that make up the tourism satellite account are derived from and related to the supply and use tables of the SNA 1993 (SUT). They are at the centre of the process of reconciliation of the most relevant economic information related to tourism and of international comparisons of the economic contribution of tourism to development and growth.
- 4.2. These tables are aggregate tables intended to promote homogeneity among countries. In them, visitors are broken down into 2 types, and products and industries are presented in aggregated categories. Individual countries should compile these tables by aggregation from more detailed levels, in which, for instance, visitors could be classified according to country of residence, purpose of trip, modes of transport, types of accommodation, etc. in a way that allows analysis and contrast of their patterns and levels of consumption. Tourism products and industries should also be more disaggregated according to their relevance for the economy of reference,
- 4.3. The proposed tables, accounts and main aggregates should be developed in two or more main stages depending on the development of source data in the country.
- 4.4. In the first stage, the aim is to compile tables 1 to 7 and table 10. At a minimum, in order to speak of a satellite account the TSA must include a detailed presentation of supply and consumption, in terms of goods and services acquired by visitors (tables 1-4) and of the industries that produce them (table 5), as well as an overall confrontation of their components, as this constitutes the core of the TSA system (table 6).
- 4.5. Because of the frequent strategic importance of tourism in the development of an employment policy, table 7, employment in the tourism industries, also forms part of the central core as well as table 10 (as tourism economic variables are better understood and analyzed by taking into account the flows of visitors, and other descriptive characteristics both of tourism supply and demand).
- 4.6. In contrast, the compilation of tables 8 (Tourism gross fixed capital formation of tourism industries and other industries) and 9 (Tourism collective consumption, by products and levels of government) requires not only the gathering of data from types of sources that usually are not part of the current statistical programs of National Tourism Administrations, but it also needs the overcoming of some specific conceptual challenges. As a consequence, the compilation of tables 8 and 9 might be considered in a further stage of advance of the compilation of a TSA.

- 4.7. The 10 tables are illustrative of the work to be undertaken, and should be considered as a guide for presenting TSA data. Each country should decide on the most adequate format that takes into account its tourism reality and scope of available data.
- 4.8. For all tables, both for those elaborated in the first stage and for those corresponding to later stages, the presentation of results should always be accompanied by clear references to the precise coverage of variables and the methodology used in their estimation (metadata).
- 4.9. The recommended valuation principles are the same as those of the SNA 1993, that is, production should be valued at basic prices and consumption and use at purchasers' prices. As far as time of recording is concerned, the TSA principles are similar to those of the National Accounts and of the Balance of Payments, that is, transactions are recorded on an accrual basis and not on a cash or "due for payment" basis: this point is particularly important when observing expenditure by visitors as they will often tend to report their expenditure from a cash basis perspective.
- 4.10. In practice, the valuation and time of recording methods have to be consistent with those used in the general national accounts of the country compiling the TSA. Therefore, depending on individual country practices the methods used may not be identical to the recommendations of the SNA 1993 or to the present *International Recommendations*. Consequently, for the purposes of international comparison, methods of valuation and time of recording should be reported by TSA compilers when disseminating data or methodology. Any departure from the standard concepts and methods should be clearly indicated.

## **A. Tables and accounts**

### **A.1. General observations**

- 4.11. The differences between the TSA tables and SUT are mainly due to differences in presentation and the availability of the required detail rather than differences in concept.
- 4.12. Developing a country's TSA requires from the compiler not only a transformation and partitioning of the information already existing in the supply and use tables of the country (or used in their compilation) but also a basic set of direct data-collection procedures regarding tourism data.

4.13. These transformations and partitioning consist of:

- (a) The extraction of detailed data referring to tourism-related products and tourism industries from the surveys, administrative and other databases used for the compilation of the SUT when the detail available in the SUT is not sufficient;
- (b) The valuation of reservation services (provided by travel agencies, tour operators and others) based on the gross margin that they generate. The corresponding adjustment is to be made to the value of the tourism services that have been intermediated, which should be valued net of the value of reservation services ([see para 3.21.](#)). This requirement derives from the need for a consistent treatment between tourism services acquired directly by visitors and services of the same type acquired through reservation service providers. Annex 3 presents in detail the consequences of such treatment for the TSA tables and the content of the different categories of tourism consumption;
- (c) A dual classification of tourism expenses that are intermediate consumption of producers. They are part of tourism consumption when the balance between supply and use of products is presented, and a cost of production of industries when establishing tourism direct gross value added and tourism direct gross domestic product (see paras. [4.88.](#) to [4.94.](#)). This represents a difference in presentation with the SNA 1993 approach, as the latter requires a unique classification of transactions in the whole system (see paras. [2.32.](#) and [2.33.](#)).

## **A.2. Classifications used**

- 4.14. Products and industries in tables 1 to 7 have to be classified uniformly following the recommendations that have been recalled in paras. [3.6.](#) to [3.10.](#) The classifications of tourism products ([see para. 3.7.](#)) and of tourism industries ([see para. 3.10.](#)) need to be adapted to TSA tables.
- 4.15. Tables 1 to 3 (tourism expenditure according to forms of tourism) and 4 (internal tourism consumption) will be restricted to consumption goods and services as well as valuables and the classification used will be as follows:

<b>Figure 4.1. Classification of products in tables 1-4</b>	
A.	Consumption products
A.1	Tourism characteristic products
1	Accommodation services for visitors
1.a	Accommodation services for visitors other than 1.b)
1.b	Accommodation services associated with all types of vacation home ownership
2	Food and beverage serving services
3	Railway passenger transport services
4	Road passenger transport services
5	Water passenger transport services
6	Air passenger transport services
7	Transport equipment rental services
8	Travel agencies and other reservation services
9	Cultural services
10	Sports and recreational services
11	Country-specific tourism characteristic goods
12	Country-specific tourism characteristic services
A.2	Tourism connected products
A.3	Non tourism related consumption products
B.1	Valuables

It is suggested:

- In the case of category 1. “Accommodation services for visitors”, the services related to all types of vacation home ownership (1.b) could be presented separately from other accommodation services (1.a);
- In the case of categories A.2. and A.3., goods and services could be presented separately (because of their different treatment of the compilation of tourism direct gross value added and tourism direct gross domestic product, as margins only apply to goods and valuables –[see Annex 4](#)-). These two categories are presented jointly in TSA tables as “A.2. Other consumption products”, but it is recommended, to identify separately both categories if feasible and relevant.
- In the specific case of table 4 “Other components of tourism consumption”, the following other components of tourism consumption should be presented separately:
  - Services associates to vacation accommodation on own account;
  - Tourism social transfer in kind; and
  - Other imputed consumption.

4.16. Table 5 (production accounts of tourism industries and other industries) and 6 (total domestic supply and internal tourism consumption) includes the complete classification of consumption and non-consumption products that circulate in the economy of reference, as well as the 12 categories of tourism industries.

<b>Figure 4.2. Classification of products and tourism industries in tables 5 and 6</b>	
<b>Products</b>	<b>Tourism industries</b>
A. Consumption products	
A.1 Tourism characteristic products	
1. Accommodation services for visitors	1. Accommodation for visitors
1.a – Accommodation services for visitors other than 1.b	1.a. Accommodation for visitors other than 1.b
1.b – Accommodation services associated with all types of vacation home ownership	1.b Accommodation associated with all types of vacation home ownership
2. Food and beverage serving services	2. Food and beverage serving industry
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services industry
9. Cultural services	9. Cultural industry
10. Sports and recreational services	10. Sports and recreational industry
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Country-specific tourism characteristic industries
A.2 Tourism connected products	
A.3 Non tourism related consumption products	
B. Non consumption products	
B.1 Valuables	
B.2 Other non consumption products	

Regarding Figure 4.2 the following observations hold:

- Category B.2. of products includes, in addition to those products associated with tourism gross fixed capital formation and tourism collective consumption, all other non consumption goods and services that are present and circulate in the economy of reference;
- In category 1 of tourism industries it is suggested, if possible (as in the case of products), to compile separately the industries related to all type of vacation home ownership ((1.b) while the other industries within the category would appear within the general category of “accommodation for visitor” (1.a)).

- In the case of categories A.2. and A.3., goods and services could be presented separately (because of their different treatment of the compilation of tourism direct gross value added and tourism direct gross domestic product, as margins only apply to goods and valuables –[see Annex 4-](#)). These two categories are presented jointly in TSA tables as “A.2. Other consumption products”, but it is recommended, to identify separately both categories if feasible and relevant.

4.17. As a complementary remark, it is also suggested, if possible, to consider the breakdown of “Total intermediate consumption” in tables 5 and 6 into the following CPC, Ver. 2 categories of products:

0. Agriculture, forestry and fishery products
1. Ores and minerals; electricity, gas and water
2. Food products; beverage and tobacco, textiles, apparel and leather products
3. Other transportable goods, except metal products, machinery and equipment
4. Metal products, machinery and equipment
5. Construction and construction services
6. Distributive trade services; lodging; food and beverage services; transport services and utilities distribution services
7. Financial and related services; real estate services; and rental and leasing services
8. Business and production services
9. Community, social and personal services

4.18. Table 7 uses the same classification of tourism industries as tables 5 and 6.

4.19. Finally, the classifications proposed for tables 8 and 9 are described in Annex 5.

### **A.3. Recording reservation services separately**

4.20. Of the three transformations of basic information that have been mentioned ([see para. 4.13.](#)), (a) and (c) have only a formal effect on the standard national accounts tables. This means that breakdowns of totals by products and industries are modified but not the total values themselves. However, recording reservation services separately has implications for the values and classifications of flows within the different categories of tourism consumption. These consequences are detailed in Annex 3.

### **A.4. The treatment of goods<sup>1</sup>**

4.21. Although services make up an important part of visitor consumption, visitors also purchase goods for and during their trip. In certain cases the purchase of goods might be the purpose of the trip itself, as in the case of a shopping trip to factory

outlets or to special duty-free zones. All goods acquired by visitors for their own use or to give away while on trips are part of tourism consumption. Goods acquired to be resold are excluded. ([see para. 2.28.](#)) Some goods purchased before a trip (IRTS 2008 para. 4.11.) might also be part of tourism consumption.

- 4.22. As previously noted, tourism consumption is valued using the full purchasers' price of goods, that is the full price paid by the visitor or others for his/her benefit, eventually net of any Value Added Tax (VAT) or sales tax refunded to non-resident visitors as they leave the country.
- 4.23. In most cases, the producers of the goods are neither those who sell their production to the final consumer nor those who finally serve them: there is a chain of transport providers and wholesale traders between the producers and the retailers that finally make the product available to a visitor. The product might have been produced in a nearby location, in another region within the country or even in a different economy.
- 4.24. Although the whole chain of industries participates in the supply of the product to the visitor, only the retailer serves directly the endline purchaser (which does not necessarily imply to be in physical contact with him/her).
- 4.25. Although the acquisition of goods is part of tourism consumption for their whole value at purchasers' prices, and some goods might even be considered as tourism characteristic, it is only the retail trade activity associated with the goods acquired by visitors that will be considered as serving the visitors.
- 4.26. The implications of this treatment in the representation of the acquisition of goods by visitors in table 6 will be developed in Annex 4.

## **A.5. The tables**

- 4.27. The updated TSA tables are presented at the end of this chapter. They are formally similar to those of the TSA: RMF 2000, but their content has been clarified, and the presentation has been improved. All of them refer to the economy of reference.

### **A.5.1. Overview**

- 4.28. In tables 1 to 6 reservation services have to be recorded separately from the services that they intermediate ([see Annex 3](#)).
- 4.29. The first three tables, tables 1 to 3, focus on *categories of tourism expenditure* that should be observable from visitors, either through surveys or other methods. Tourism expenditure is a basic variable of tourism statistics that derives from procedures outlined in the IRTS 2008. Table 4 leads to the

estimation of total internal tourism consumption by summing domestic and inbound tourism expenditure (from tables 1 and 2) and all additional components that have to be taken into consideration to obtain internal tourism consumption ([see para. 4.15.](#)) since these adjustments are not easily attributable to the different forms of tourism. The key aggregate derived from table 4 is *internal tourism consumption*, which will be compared to domestic supply (globally and by product) in table 6.

- 4.30. Table 5 is the supply table, which, though focusing on tourism characteristic products and tourism industries, includes (in rows) all products that circulate in the economy of reference as well as all industries (in columns). Its scope is similar to that of the production accounts in the National Accounts, although classifications and some treatments are different. The column *other industries* shows the aggregated value of supply corresponding to all industries other than tourism industries in the economy. The format requires at a minimum the use of the categories of products and industries that have been recommended in Chapter 3. Countries are encouraged to use a more detailed breakdown as needed in order to improve the relevance of these data.
- 4.31. Table 6 presents an overall reconciliation of internal tourism consumption with domestic supply. This table is the core of the TSA: without its compilation, even with partial data, the term TSA applied to the compilation of some of the tables would be misleading. Tourism direct gross value added (TDGVA) and tourism direct gross domestic product (TDGDP) ([see paras. 4.88. to 4.94.](#)), used as indicators of the direct contribution of tourism to total Value Added or total Gross Domestic Product, can be derived from this table.
- 4.32. Table 7 presents employment in the tourism industries; it is included, because of the frequent strategic importance of tourism in the development of an employment policy.
- 4.33. As noted above ([see para. 4.6.](#)), the compilation of tables 8 and 9 concerning tourism gross fixed capital formation and tourism collective consumption, has a lower priority.
- 4.34. Table 10 presents a limited number of non-monetary indicators that are required to assist the estimation and support the interpretation of the information presented in the other basic tables 1 to 7. Countries are encouraged to develop more indicators of this type, according to their needs, using the information on characteristics of visitors and tourism industries as recommended in the 2008 IRTS.
- 4.35. Most tables that are presented here can be established at both current and constant prices, in domestic currency and, for international tourism, in foreign currencies. Constant price valuations can only validly be applied on entries relating to products, both market and non-market. Computations at constant prices should be performed following the SNA 1993 principles.

## A.5.2. Description

### Tables 1, 2, and 3

#### Tourism expenditure, according to forms of tourism by products and classes of visitors

- 4.36. Tables 1 to 3 describe the most important component of tourism consumption: namely tourism expenditure. It includes not only what visitors pay for out of their own budget or pocket, but also the expenditure made by producers (businesses, governments and non profit institutions serving households (NPISH)) or others for their benefit (transportation, accommodation, etc.), on which visitors are usually able to report fairly well. It excludes social transfers in kind, except when they correspond to refunds of expenditure made initially by the visitor (case of some health services...) as well as expenditure, actual or imputed, associated with all types of vacation home ownership.
- 4.37. Table 1 focuses on inbound tourism, table 2 on domestic tourism and table 3 on outbound tourism, by products and classes of visitors.
- 4.38. Tables 1 to 3 share classifications, breakdown and principles of valuation: in particular, they follow the principle of recording reservation separately from the services they intermediate (as explained in para. 4.13.(b) and in Annex 3) Tourism expenditure is disaggregated into that corresponding to overnight and same-day visitors, because their structure of consumption is usually significantly different. If possible and meaningful, it is also recommended to create an additional category for transit passengers.
- 4.39. In the case of table 2, *Domestic tourism expenditure*, an additional breakdown, by type of trips, is requested. As explained (IRTS 2008 para. 4.13.), domestic tourism expenditure not only includes the expenditure of visitors on domestic trips, but also the expenditure of visitors that undertake outbound trips that happens within the economy of reference.
- 4.40. A similar, though marginal, situation occurs with table 3, *Outbound tourism expenditure*, that corresponds to goods and services belonging to tourism expenditure of residents acquired from non-resident providers. This expenditure occurs almost exclusively while resident visitors are outside the economic territory or on trips to leave this economic territory (using a non resident carrier for instance), but as mentioned (IRTS 2008 paras 4.17.) the acquisitions of goods and services (purchases on Internet, transportation services provided by non-residents, etc.) from non-resident providers by residents on trips within the economic territory of reference, is possible. Because these cases are only marginal, the recommendation does not require a separate treatment for such expenditures. Nonetheless, for countries where these expenditures are significant, additional columns under the heading "Acquisition from non-residents by visitors on domestic trips" could be created and added to the other columns that would only include expenditure while on outbound trips.

#### Table 4

#### Internal tourism consumption, internal tourism expenditure, and other components of tourism consumption, by products

4.41. Table 4 combines internal tourism expenditure (made up of inbound tourism expenditure from table 1 (column (1.3)) and domestic tourism expenditure from table 2 (column (2.9)), with the other components of tourism consumption. As previously mentioned ([see para. 2.25.](#)) these other components constitute three broad categories:

- (a) **services associated with vacation accommodation on own account**  
This item includes all imputed accommodation services related to accommodation units on own account and to all other types of vacation home ownership, as well as expenditure related to their acquisition that are not capitalized as part of the investment, for instance charges for time share exchanges;
- (b) **tourism social transfers in kind (except refunds)** This item includes the value of individual non-market services provided by governments and non profit institutions serving households (NPISH) that benefit visitors and exceed the values paid by the visitors themselves: costs of museums, performing arts, short term education, health services provided short term in special establishments, etc.;
- (c) **other imputed consumption** This item includes all other imputed items not previously included, such as services benefiting visitors for which they do not pay (costs of vacation residences or camps provided by producers for the benefit of their employees, FISIM on purchases related to tourism trips, etc.).

If possible and relevant, it is suggested that each of these components be presented as a separate column ([see para. 4.15.](#)).

4.42. As previously mentioned ([see para. 4.29.](#)) internal tourism consumption is the key aggregate derived from table 4. The production processes by which internal tourism consumption (except imports), is provided, will be the basis for the compilation of tourism direct gross value added (TDGVA) and tourism direct gross domestic product (TDGDP).

4.43. Flows are valued in the same way as in the previous tables following the SNA and the Balance of Payments rules (see paras. [4.9.](#) and [4.10.](#)).

## **Table 5**

### **Production accounts of tourism industries and other industries (at basic prices)**

- 4.44. Table 5 presents the production accounts of tourism industries and other industries in the economy of reference. It conforms formally to the format established in the SNA 1993: output is broken down by product, is valued at basic prices (SNA 1993, para. 3.205 (a)) and occupies a first block of rows in the upper part of the table. Then, intermediate consumption (also called intermediate inputs) is presented ([see para. 4.17.](#)) valued at purchasers' prices (SNA 1993, para. 6.215). The difference between these two values is called gross value added (GVA) at basic prices. It pertains to each industry as a whole, and is further broken down in a second block of rows into compensation of employees, gross operating surplus of corporations, mixed income of unincorporated business and net taxes on production.
- 4.45. Nevertheless the perspective is different from the SNA production accounts as it focuses on providing a tool for tourism analysis. This means that tourism industries and products are highlighted and embedded within a general framework that is suitable for tourism analysis. In columns, the production accounts of the tourism industries are presented and grouped according to the classification that has been proposed ([see para. 4.16.](#)). Output is valued at basic prices, and valuation follows the principle of recording reservation services separately ([see Annex 3](#)).
- 4.46. Because of the application of this principle, output and intermediate consumption of each industry and the corresponding total for the economy that appears in the last column (column (5.15)) do not correspond necessarily to the corresponding values that appear in the National Accounts of the country. Nevertheless, for each industry and for the total economy, gross value added at basic prices, that is the difference between output at basic prices and intermediate consumption at purchasers' prices has to be equal to the Gross Value Added of the economy that appears in the National Accounts: the adjustments derived from the application of this principle have no effect on value added of any of the industries, as for each industries, the induced changes in the values of output and intermediate consumption are totally symmetrical.

## **Table 6**

### **Total domestic supply and internal tourism consumption, by products (at purchasers' prices)**

- 4.47. Table 6 is the core of the TSA system: it is where the confrontation and reconciliation between supply and internal tourism consumption take place. It derives from the supply and use tables of the SNA 1993. Total supply of goods and services in the economy of reference by products, which includes domestic production (production by resident transactors) and imports, is compared to tourism consumption, (including valuation adjustments) and conclusions can be

derived regarding the gross value added attributable to tourism for each of the industries that serve visitors. It provides the basic information that is necessary for the computation of tourism direct gross value added and tourism direct gross domestic product and their components.

- 4.48. The rows of table 6 are identical to those of table 5. Regarding columns, there are three blocks:
- The first block corresponds to the same columns as those of table 5 and represents industries (columns 1 to 15);
  - The second block (imports, taxes less subsidies and trade and transport margins) presents the additional variables and value adjustments that are needed to obtain total supply at purchasers' prices (column 6.4); and
  - The third block is made of only two columns: internal tourism consumption (column 4.3) and tourism ratio (column 6.5).
- 4.49. The supply by domestic producers is first added over industries to obtain the aggregate value of total output of domestic producers at basic prices. Then, this column (that also corresponds to the total of table 5) (column (5.15)) is added to the following column, headed "imports" (column (6.1)), which represents supply within the domestic economy of imported goods and services (besides imported goods, what concerns tourism refers to transport services within the domestic economy provided by non-resident producers, as well as insurance services or any other service provided by non-residents and purchased on Internet), to a column recording the value of taxes less subsidies on products concerning domestic output and imports (column (6.2)), and a last column representing trade and transport margins (column (6.3)), in order to obtain the column headed "Total domestic supply at purchasers' price" (column (6.4)). This presentation is similar in essence to that followed in the SNA 1993 to determine the SUT. This constitutes the second block.
- 4.50. The final column, tourism ratio (in %), allows for the estimate of the two main aggregates: TDGVA and TDGDP. The following paragraphs explain how these ratios are derived and its application for measuring tourism direct economic contribution in the economy of reference ([see para. 4.88.](#)).
- 4.51. The share of internal tourism consumption to each component of supply will be established separately for each of them. This is the purpose of the additional column, called "tourism share", associated with each of the columns of the two first blocks of the table.
- 4.52. In these two first blocks, these values of tourism share should be expressed in value levels and can be established in the following way:

- from direct information coming from producers and suppliers (information on their categories of customers and their corresponding market share);
  - from visitors themselves (sample surveys of expenditure by product and indication of providers), or
  - from opinions of experts in the field of tourism behavior provided these opinions can be validated through best practices (judgmental procedure).
- 4.53. In each row of the first block of rows representing services, the total value of tourism shares is equal to the value of internal tourism consumption that appears in the last block of columns.
- 4.54. In the case of the rows corresponding to goods (characteristic or other), as only the activity by which they are made available to visitors generates tourism direct value added, only the associated retail trade margin generates share. As a consequence, and as an exception, in the case of goods, the sums of the tourism share on supply is not equal to internal tourism consumption, but only to the value of retail trade services on those goods. The detailed procedure to be followed in the case of goods is explained in Annex 4.
- 4.55. It is possible, for each industry, to establish the tourism share of output (in value), as the sum of the tourism share corresponding to each product component of its output.
- 4.56. Then, it is possible to establish, for each industry, a tourism ratio (ratio between the total value of tourism share and total value of output of the industry expressed in percentage form), to be applied to the components of intermediate consumption (and thus to value added). If intermediate consumption is broken down by products, this tourism ratio might be uniform for each products belonging to the intermediate consumption of an industry and thus be equal to that of total output, or it might also be possible to modulate these ratios according to the relative importance of the different components of its output that is consumed by visitors (for instance, in a hotel providing also food serving services, the ratio of accommodation services demanded by visitors might be different from that corresponding to food serving services). In all cases, from the difference between the values of output attributable to tourism consumption and the values of intermediate consumption attributable to tourism consumption, the part of gross value added generated in each industry by tourism consumption can be compiled.
- 4.57. It is important to bear in mind at this stage that because several assumptions are used to relate inputs to particular outputs of production processes of industries, the results have a modeled component and thus cannot be considered to be directly observed and reconciled with statistical data. This is due to the fact that value added is strictly associated with the production process of an establishment taken as a whole and cannot be assigned among the

outputs of this process. If parts of factors of production could be directly assigned to particular outputs of the establishment, then it would be possible to split the establishment into different activities, so that two or more operating units (establishments) would exist within the establishment itself which would no longer be the smallest unit for which costs of production can be isolated.

- 4.58. As a consequence, it is possible, for each industry, to derive an estimate of the fraction of its gross value added (at basic prices), corresponding to the contribution of its output to total internal tourism consumption, and these values can be added over all industries, both the tourism industries and all other industries. The sum of all these portions of value added over all industries, is what is called tourism direct gross value added (TDGVA).
- 4.59. To obtain the direct GDP generated by internal tourism consumption (tourism direct Gross Domestic Product (TDGDP)), it is necessary to add to TDGVA, the taxes less subsidies on products and imports related to tourism products that are compiled in the same way, using the corresponding share for each product (except goods for which the share only relates to retail trade margins).
- 4.60. Theoretically, these aggregates (tourism direct gross value added and tourism direct gross domestic product) should be independent of the detail in which calculations have been performed, and in particular be independent also of the possibility of identifying tourism industries. In practice, however, this is not the case because gross value added associated to a product is not directly observable, and has to be estimated through the information provided by industries that produce this product.
- 4.61. The more refined and accurate the assumptions on how tourism consumption affects each industry, the more precise the measurement.

**Table 7**  
**Employment in the tourism industries**

- 4.62. Seasonality, high variability in the working conditions, flexibility and the lack of formality of many work contracts in many small producing units are the major challenges for deriving meaningful figures on employment in the tourism industries. This explains why, although there is no doubt that employment is a crucial variable for the description of the economic contribution of tourism and for the use of the TSA as an advocacy instrument, present statistical limitations in most countries have been taken into account in setting up the present *International Recommendations*.
- 4.63. Additionally, and because labor is a factor of production and is generally associated with an establishment in which usually various outputs are produced, relating employment to a specific output or specific portions of different outputs of a given establishment is a complex issue.

- 4.64. Some countries may seek to narrow down the gross sum of total employment in the tourism industries toward the number of jobs, volume of hours worked, etc., actually attributable to servicing tourism internal consumption by applying the industry tourism ratios to measure these employment variables for each industry and summing the results. When such a modeling procedure is applied, the country should make clear that the assumption implicit in such a procedure is that the production function of any fraction of output of an industry consumed by visitors is the same as that of the total output of this industry.
- 4.65. The measurement of employment is limited to employment in the tourism industries and the variables used to express its volume are the number of jobs and hours worked (in a specific period of time), which are also indicators of the intensity of labor force utilization.
- 4.66. Table 7 contains an additional variable on the number of establishments for each tourism industry (an information that is complemented in table 10 by a breakdown of this number according to the size of the establishments). This makes it possible to calculate the average number of jobs classified by sex and status in employment for each tourism industry.
- 4.67. Consequently, the measures proposed here refer to the restrictive quantification of employment according to its statistical meaning (since not all volume of employment found in a given industry corresponds to tourism consumption) and coverage (since there are different levels of employment in other industries that partly correspond to tourism consumption).
- 4.68. Two major breakdowns of the number of jobs and hours worked are proposed: one according to the sex of the person employed, the other according to a simplified status in employment classification, where only employees are singled out from the rest of the labor force. The intensity of the use of the labor force is expressed in terms of number of jobs, number of hours worked (in the reference period) and number of full-time equivalent jobs (in the reference period) in order to make the measurements comparable, and to wipe out the effects of part-time jobs.
- 4.69. Because the flow of visitors often presents marked seasonality, this phenomenon also characterizes employment, in particular in industries such as accommodation and food and beverage serving services. For this reason, countries are encouraged to measure employment at least twice a year, at peak and low tourism seasons. The number of jobs, hours of work and other characteristics of the labor force should provide basic information for understanding and monitoring the changing levels and contribution of tourism activity. Chapter 7 of the IRTS 2008 describes concepts and definitions of employment in the tourism industries, its basic categories, major classifications as well as statistical measures and therefore can be consulted to better understand the interrelationships of the TSA data integration framework.

## **Table 8**

### **Tourism gross fixed capital formation of tourism industries and other industries**

- 4.70. The rows in table 8 show a proposed list of gross fixed capital formation items ([see Annex 5](#)) related to tourism, and the columns show different blocks. The first block includes the net acquisition of all capital goods by the tourism industries and allows the derivation of the aggregate called: “gross fixed capital formation of the tourism industries” (see paras. [3.40.](#) and [3.41.](#)). The first block is followed by a column showing the net acquisitions of tourism-specific capital goods by all other industries. The final column registers the total of each capital good acquired. As mentioned in para [2.55.](#), the recommendation does not include tourism related infrastructure. Countries that are able to estimate all or part of it are encouraged to include it as an additional category.
- 4.71. The inclusion of non-produced tangible and intangible assets as a memorandum item is recommended. These assets are not produced and are therefore not part of gross fixed capital formation in the framework of the SNA 1993. Nevertheless, these assets could represent an important component of non-financial tourism investment. If possible, countries are encouraged to differentiate between tourism non-produced tangible assets (comprising land for the construction of tourism buildings and structures, and land for public and private recreation) and tourism non-produced intangible assets (comprising licensing rights, leasing agreements and other transferable contracts and acquired goodwill).

## **Table 9**

### **Tourism collective consumption, by products and level of government**

- 4.72. The rows in table 9 show a proposed list of non-market services that are to be considered as tourism collective non-market services in terms of the corresponding CPC categories ([see Annex 5](#)).
- 4.73. It must be stressed that the provision of individual non-market services, such as those provided by national parks and museums, are excluded from table 9 because they are considered within social transfers in kind and included under tourism consumption (table 4) because their beneficiaries can be identified separately.
- 4.74. Table 9 suggests a compilation of this information by type of service and level of government. Production is measured, as is always the case for non-market services in the SNA 1993, by using the costs of production, including the consumption of fixed capital as a component of these costs.
- 4.75. An additional column is proposed as a memorandum item in order to collect information on services that benefit the tourism industries but are financed by the industries themselves, and thus do not qualify as tourism collective

consumption. In many countries, it is the tourism industries that finance part of tourism promotion, information bureaus etc. These expenditures are important when measuring the efficiency of public policies.

**Table 10**  
**Non-monetary indicators**

- 4.76. Table 10 presents a few quantitative indicators that are related to the previous tables and are important for the interpretation of the monetary information presented. The indicators include number of trips by forms of tourism, classes of visitors and duration of the stay; physical indicators regarding types of accommodation; modes of transport used by non-resident visitors traveling to the economic territory of the country of reference; and number and size of the establishments belonging to tourism industries.
- 4.77. The SNA 1993 states explicitly that physical indicators are an important component of satellite accounts and therefore they should not be viewed as secondary items of the TSA (SNA 1993, paras. 21.5 and 21.113). However, further work will be required to improve the link between the provisional list of non-monetary indicators and the monetary tables. The data contained in this table will assist in the use non-monetary indicators as a key element in tourism analysis.

**B. Aggregates**

- 4.78. The aggregates are not the most important feature of the tourism satellite account, whose primary objective is to provide detailed and analytical information on all aspects of tourism: the product composition of tourism consumption, the industries most concerned by the activities of visitors and their relationships with other industries, etc.. Nevertheless, aggregates are extremely useful because they provide summary indicators of the size of tourism.
- 4.79. The main aggregates that are derived from the tables are comparable with other macro-indicators relating to consumption and value added in a country. Countries extending the scope of production and consumption beyond the SNA production boundary ([see para. 1.18.](#)), should be careful in weighing its effect on the conceptual compatibility of the aggregates that are derived.
- 4.80. TSA aggregates are measured in terms of the national currency of the country of reference in both current prices (i.e., those actually prevailing in the period of observation) and constant prices (i.e., relative to the prices prevailing in a base or reference period). The latter presentation is designed to emphasize changes in volume in activities distinct from changes in prices, and facilitates comparison over time. The same general methods used in the compilation of National Accounts at constant prices should be followed. Within this endeavour, it might

be relevant to generate and use tourism specific price indices in order to take into account that tourism consumption and the consumption of resident households within the economy might include different qualities of products, or the same qualities but combined in different proportions.

## **B.1. Main aggregates**

4.81. The compilation of the following aggregates, which represent a set of relevant indicators of the size of tourism in an economy is recommended:

- Internal tourism expenditure;
- Internal tourism consumption;
- Gross value added of the tourism industries (GVATI);
- Tourism direct gross value added (TDGVA);
- Tourism direct gross domestic product (TDGDP).

### **B.1.1. Internal tourism expenditure and internal tourism consumption**

4.82. Since tourism is a demand-side concept, it is legitimate to give particular relevance to the aggregates that focus on expenditure and consumption within an economy. Internal tourism expenditure and internal tourism consumption (recorded in Table 4) characterize globally the acquisitions by visitors within the economy of reference, tourism expenditure being the most immediately measurable one while tourism consumption is the most inclusive one.

4.83. If the same SNA 1993 principles that guide the compilation of a country's national accounts are applied to the TSA, then it is legitimate to compare these aggregates to the main aggregates of national accounts, particularly to gross national product or gross domestic product.

4.84. Aggregates related to tourism expenditure and tourism consumption should not be expressed as shares of gross domestic product or of household final consumption at the aggregated level because they differ in coverage as both tourism expenditure and tourism consumption include expenditure by producers for the benefit of visitors that national accounts classify within the intermediate consumption of productive activities and not as part of final demand (see paras. [2.32.](#) and [2.33.](#)). Nevertheless, they can be expressed as a percentage, when taking these values as benchmark. It should be recalled that gross domestic product, at aggregate level, is equal to the sum of final demand net of imports in an economy (an identity that is only valid at total aggregate level).

### **B.1.2. Tourism supply**

4.85. In order to characterize tourism supply, three different indicators should be compiled, which are slightly different and complement each other.

#### *(a) Gross value added of the tourism industries*

4.86. Gross value added of the tourism industries (GVATI) simply sums the total gross value added of all establishments belonging to tourism industries, regardless of whether all their output is provided to visitors and of the degree of specialization of their production process. It leaves out the value added from other non tourism industries which outputs have been acquired by visitors or by others for their benefit.

4.87. Although gross value added of the tourism industries is an indicator often used to measure tourism direct economic contribution in the economy of reference, it is likely to be an inadequate indicator of the size of tourism in a country. The acquisition by visitors or by others for their benefit of the output of the various tourism industries may range from a large share of total output (e.g., scheduled air passenger transport, accommodation for visitors) to a much smaller one (e.g., full-service restaurants). As the “tourism character” of a particular output is not mostly defined by its particular nature but by the specific transient condition of the consumer, there is a larger gap between the output of tourism industries (supply) and internal tourism consumption (demand) than for many other economic phenomena functionally defined, such as health or education. As an indicator, both of demand and supply, gross value added of the tourism industries might therefore misrepresent the direct economic contribution of tourism.

#### *(b) Tourism direct gross value added*

4.88. Since, through special calculations, a portion of gross value added can be associated with the value of part of the output of a productive unit, it is possible to define an aggregate, named tourism direct gross value added (TDGVA), which adds the parts of gross value added generated by tourism industries and other industries of the economy that serve directly visitors in responding to internal tourism consumption. The use of the term direct in this aggregate refers to the fact that the TSA only measures that part of value added (by tourism industries and other industries) due to the consumption of visitors and leaves aside the indirect and induced effects that such a consumption might generate.

4.89. As an indicator associated to a production process, the value added generated does not depend on the use given to the output of this process. As a consequence, although tourism consumption does not correspond entirely to final consumption expenditure, responding to the demand generated by the part of it that is intermediate consumption generates also gross valued added.

- 4.90. Tourism direct gross value added includes the part of gross value added generated by all industries in the process of provision of goods and services to visitors, would-be visitors (acquisition before a trip) or third parties for visitors' benefit.
- 4.91. Comparing this measurement with gross value added of the tourism industries (GVATI), the latter would include for instance all the gross value added generated by restaurants including meals consumed by local residents because these establishments are part of a tourism industry. In contrast, although tourism direct gross value added (TDGVA) would include the part of gross value added generated by meals served in restaurants to visitors, it would exclude the part of gross value added corresponding to meals served by these same restaurants to locals. It would also exclude the part of gross value added generated by restaurants in any other secondary activity, such as catering to local businesses and the rental of space to third parties, and in any other output in as much as it is not delivered to visitors.
- 4.92. Nevertheless, tourism direct gross value added (TDGVA) also includes the part of gross value added associated with the output of other (non-tourism) industries as long as this output responds to tourism consumption. Consequently, tourism direct gross value added can be seen to be independent of the definition of tourism characteristic products and tourism industries, a feature that enhances its usefulness as an internationally comparable measure of the economic importance of tourism.
- 4.93. As already mentioned, tourism direct gross value added only measures the part of gross value added generated by tourism industries and other industries in responding to tourism internal consumption; it is short of measuring the total direct effects of tourism as it excludes the contribution of other components of total tourism internal demand ([see B.2.4. Total tourism internal demand](#) and [Annex 6](#)).
- 4.94. The calculation of tourism direct gross value added (and of the following aggregate tourism direct gross domestic product) presents some particularities in the case of the acquisition of goods by visitors ([see Annex 4](#)).

(c) *Tourism direct gross domestic product*

- 4.95. Following the recommendations of SNA 1993, the gross value added of producers is established at basic prices. That is, the different outputs of each industry are valued at basic prices, excluding all net taxes on products (i.e., indirect taxes net of subsidies on output), and inputs are valued at purchasers' prices, that is, including transport and distribution margins and all net taxes on products. Nevertheless, as consumption expenditure is valued in the SNA 1993

at purchasers' prices, including all net taxes on products, there is a share of a country's tax on products and imports that relates directly to tourism consumption and that table 6 presents.

- 4.96. Since total GDP of an economy is equal to the sum of gross value added generated by all industries (at basic prices), plus net taxes on products and imports, it is possible to measure the part of GDP attributable directly to internal tourism consumption as the sum of part of gross value added (at basic prices) generated by all industries in response to internal tourism consumption plus the amount of net taxes on products and imports included within the value of this expenditure at purchasers' prices. This "part of GDP" will be called tourism direct gross domestic product. Consequently, tourism direct gross domestic product (TDGDP) derives from internal tourism consumption in the same way as tourism direct value added does.
- 4.97. Figure 4.3 shows the relationship between the different economic aggregates that characterize the magnitude of tourism from the point of view of supply.

**Figure 4.3**  
**Relationship between the different economic aggregates that characterize the magnitude of tourism from the point of view of supply**

	Gross value added of tourism industries (GVATI)	Tourism direct gross value added (TDGVA)	Tourism direct gross domestic product (TDGDP)
Gross value added (at basic prices) generated by the supply to visitors by the tourism industries	Yes	Yes	Yes
Gross value added (at basic prices) generated by the supply to non-visitors by the tourism industries	Yes	No	No
Gross value added (at basic prices) generated by the supply to visitors by other industries	No	Yes	Yes
Gross value added (at basic prices) generated by the supply to non-visitors by other industries	No	No	No
Net taxes on products and imports included in the value of internal tourism consumption (at purchasers' prices)	No	No	Yes

4.98. Four points need to be noted:

- From a TSA perspective, the only indicators strictly characterizing tourism supply are tourism direct gross value added (TDGVA) and tourism direct gross domestic product (TDGDP). Gross value added of the tourism industries is a measure of the supply side of tourism but its lack of direct links to tourism consumption prevents it to be an acceptable measure of the importance of tourism for supply;
- TDGVA and TDGDP can provide measures of the direct economic contribution of tourism in the economy of reference in the same sense as the GVA of any industry does and can be expressed as shares of total Gross Value Added or of total GDP of such economy. However, they do not refer to tourism as an industry comparable to other industries in SNA 1993. There is no such tourism industry, which value added and GDP would be respectively TDGVA and TDGDP. They are indicators emanating from a reconciliation of tourism consumption and supply, and their values will depend on the scope of measurement of tourism consumption that a country adopts;
- TDGVA and TDGDP only take into consideration tourism direct contribution to Gross Value Added or Gross Domestic Product in the economy. They do not take into consideration other components of the total direct effects ([see para. 4.93.](#)), nor induced or indirect effects which measurement requires the use of advanced techniques that will be summarily described in Annex 6.
- The estimates of TDGVA and TDGDP rely on a number of assumptions and implicit modeling procedures, and thus special care must be taken when using or interpreting these aggregates.

## **B.2. Other aggregates**

4.99. Elaboration of four additional aggregates may be useful: tourism employment, tourism gross fixed capital formation, tourism collective consumption and total tourism internal demand. With the exception of tourism employment, they should be the object of a more advanced development of the TSA ([see para. 4.6.](#)).

4.100. In the case of tourism gross fixed capital formation and tourism collective consumption, derived from tables 8 and 9, the limited character of the estimations is not only the result of methodological issues but is also attributable to a lack of experience in defining operative solutions for the estimation of corresponding data by national statistical offices.

- 4.101. Total tourism internal demand is a synthetic measurement, derived from the aggregation of internal tourism consumption, tourism gross fixed capital formation and tourism collective consumption. This aggregate has analytical interest in the estimation of the economic size of tourism in a country. It must be observed that it does not include outbound tourism consumption, which full value corresponds to an import (acquisition by residents from non-residents), and thus has no direct effect on the supply goods and services in the economy of reference, nor on value added.

### **B.2.1. Tourism employment**

- 4.102. As is the case of TDGVA and TDGDP, labor as a factor of production can be associated with the total output of an establishment, but cannot be assigned to any particular output or part of output without the use of specific assumptions and modeling procedures. Tourism employment as meaning the employment strictly related to the goods and services acquired by visitors and produced either by tourism industries or other industries cannot be directly observed. For this reason, the TSA only recommends, the estimation of employment in the tourism industries.
- 4.103. The OECD Employment Module ([see Annex 8](#)) provides a statistical framework and methodological guidelines to establish the level and some characteristics of employment in the tourism industries.
- 4.104. The *employment module* establishes a process that links basic employment data with the TSA, by using it as an integration framework (micro-macro linkage). This process uses such indicators of the general level of employment as jobs, persons employed or full-time equivalents jobs – with a further distinction for seasonal employment and “jobs on the side” (or secondary/additional jobs) – and a number of relevant key employment variables.
- 4.105. Countries with advanced statistical systems should aim at compiling the *employment module* tables in order to link up with the TSA and enhance the overall analysis of the key employment variables, thereby helping to better understand employment in tourism and achieve a higher cross-country comparability (For more information see IRTS 2008 Chapter 7 “Employment in the tourism industries”).

### **B.2.2. Tourism gross fixed capital formation**

- 4.106. As noted in chapters 2 and 3 above, there are a number of different perspectives on tourism gross fixed capital formation, and different aggregates could be proposed, depending on the focus of analysis.

- 4.107. Consequently, the estimation of a tourism gross fixed capital formation aggregate is suggested in order to guide further statistical development and research in those countries where tourism is especially relevant, but no specific aggregate will be used for international comparisons.

### **B.2.3. Tourism collective consumption**

- 4.108. Although collective non-market services have been excluded from tourism consumption, this does not mean that the measurement of the expenditure by public administrations in the tourism-related fields of market promotion, information, planning etc. is not relevant and that it does not have its place in the aggregate measurement concerning the economic importance of tourism.
- 4.109. The public sector plays an important role in the development of tourism activities in many countries. It establishes the legal framework for the tourism activity. It establishes certain controls on the production of services, and in some cases guarantees the quality of the service that is provided through the provision of licenses and the development of codes of conduct. It sets the legal framework for private investment, and sets norms for the preservation of the environment and the cultural and historical heritage. It studies the flows of visitors and might develop or promote public initiatives to attract visitors to specific locations at certain moments of the year. It organizes important events and coordinates private initiatives that are involved in serving visitors. In certain cases, it organizes and controls the financing of the required investments for tourism.
- 4.110. These functions can be developed at the different levels of government: at the national level, at the regional (subnational) level and even at the level of local entities.
- 4.111. The value of these different activities developed by the public administration can be established along the same parameters of measurement as any other collective non-market services, that is, through their cost of production. The value of consumption is, by convention, equal to the value of production.
- 4.112. Nevertheless, it must be recognized that besides its conceptual limitations, only a few countries have tried to apply this scheme so that only partial and limited experience exists in this type of measurement. As a consequence, the estimate of tourism collective consumption is proposed only as a useful statistical exercise and will not be used for international comparisons.

### **B.2.4. Total tourism internal demand**

- 4.113. Internal tourism consumption is the central aggregate to describe the size of direct visitor acquisition within a country of reference. However, broader concept of tourism demand could be envisaged, and it may thus be reasonable to

consider that the internal tourism consumption aggregate could meaningfully be complemented with other components of final demand generated by a focus on visitors. However, it is to be understood that the addition of some components of demand should not be considered as synonymous with the aggregation of demand components to form what some call the “expenditure-based measure of tourism direct gross domestic product”, a measurement that is only meaningful for an economy as a whole, and not for a particular segment of it. Additionally, it should not be forgotten that tourism consumption includes components that are not included in final consumption by national accounts, namely valuables and some expenditure related to business visitors and others which expenditure are covered by producers.

- 4.114. In the present *International Recommendations*, an additional aggregate is suggested, "total tourism internal demand", which consists of the sum of internal tourism consumption, tourism gross fixed capital formation and tourism collective consumption. However, the definition and measurement challenges associated with tourism gross fixed capital formation and tourism collective consumption are by extension equally relevant for total tourism internal demand, so a precise definition of total tourism internal demand cannot yet be made.
- 4.115. Therefore, in keeping with previous remarks, the present *Recommendations* postpone the estimation of this aggregate for international comparison until more experience is obtained and methodological research regarding tourism gross fixed capital formation and tourism collective consumption is undertaken.

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Note:

<sup>1</sup> Most of the observations made in this section, as well as in annex 4 refer both to goods and to valuables. For simplicity, the term “goods” refers to both goods and valuables.



# Tables



TABLE 1

Inbound tourism expenditure by products and classes of visitors

Products	Inbound tourism expenditure		
	Tourists (overnight visitors) (1.1)	Excursionists (same-day visitors) (1.2)	Visitors (1.3) = (1.1) + (1.2)
<b>A. Consumption products (*)</b> <b>A.1 Tourism characteristic products</b> 1 – Accommodation services for visitors 1.a – Accommodation services for visitors other than 1.b 1.b – Accommodation services associated with all types of vacation home ownership 2 – Food and beverage serving services 3 – Railway passenger transport services 4 – Road passenger transport services 5 – Water passenger transport services 6 – Air passenger transport services 7 – Transport equipment rental services 8 – Travel agencies and other reservation services 9 – Cultural services 10 – Sports and recreational services 11 – Country-specific tourism characteristic goods 12 – Country-specific tourism characteristic services <b>A.2 Other consumption products (a)</b>  <b>B.1 Valuables</b>		X X X	
<b>TOTAL</b>			

X does not apply

(\*) The value of **A. Consumption products**, is net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(a) If relevant and feasible, countries should separately identify both components ("tourism connected products" and "non-tourism related consumption products"). In both cases, goods and services should be separately identified, if possible (see para. 4.15.).

TABLE 2

## Domestic tourism expenditure by products, classes of visitors and types of trips

Products	Domestic tourism expenditure								
	Domestic trips (**)			Outbound trips (***)			All types of trips		
	Tourists (overnight visitors) (2.1)	Excursionists (same-day visitors) (2.2)	Visitors (2.3) = (2.1) + (2.2)	Tourists (overnight visitors) (2.4)	Excursionists (same-day visitors) (2.5)	Visitors (2.6) = (2.4) + (2.5)	Tourists (overnight visitors) (2.7) = (2.1) + 2.4)	Excursionists (same-day visitors) (2.8) = (2.2) + (2.5)	Visitors (2.9) = (2.3) + (2.6)
<b>A. Consumption products (*)</b>									
<b>A.1 Tourism characteristic products</b>									
1 – Accommodation services for visitors		X			X			X	
1.a – Accommodation services for visitors other than 1.b		X			X			X	
1.b – Accommodation services associated with all types of vacation home ownership		X			X			X	
2 – Food and beverage serving services									
3 – Railway passenger transport services									
4 – Road passenger transport services									
5 – Water passenger transport services									
6 – Air passenger transport services									
7 – Transport equipment rental services									
8 – Travel agencies and other reservation services									
9 – Cultural services									
10 – Sports and recreational services									
11 – Country-specific tourism characteristic goods									
12 – Country-specific tourism characteristic services									
<b>A.2 Other consumption products (a)</b>									
<b>B.1 Valuables</b>									
<b>TOTAL</b>									

X does not apply

(\*) The value of **A. Consumption products**, is net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(\*\*) Domestic tourism comprises the activities of a resident visitor within the country of reference either as part of a domestic trip or part of an outbound trip (see Figure 2.1).

(a) If relevant and feasible, countries should separately identify both components ("tourism connected products" and "non-tourism related consumption products"). In both cases, goods and services should be separately identified, if possible (see para. 4.15.).

TABLE 3

Outbound tourism expenditure by products and classes of visitors

Products	Outbound tourism expenditure		
	Tourists (overnight visitors) (3.1)	Excursionists (same-day visitors) (3.2)	Visitors (3.3)=(3.1) + (3.2)
<b>A. Consumption products (*)</b> <b>A.1 Tourism characteristic products</b> 1 – Accommodation services for visitors 1.a – Accommodation services for visitors other than 1.b 1.b – Accommodation services associated with all types of vacation home ownership 2 – Food and beverage serving services 3 – Railway passenger transport services 4 – Road passenger transport services 5 – Water passenger transport services 6 – Air passenger transport services 7 – Transport equipment rental services 8 – Travel agencies and other reservation services 9 – Cultural services 10 – Sports and recreational services 11 – Country-specific tourism characteristic goods 12 – Country-specific tourism characteristic services <b>A.2 Other consumption products (a)</b>		X X X	
<b>B.1 Valuables</b>			
<b>TOTAL</b>			

X does not apply

(\*) The value of **A. Consumption products**, is net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(a) If relevant and feasible, countries should separately identify both components ("tourism connected products" and "non-tourism related consumption products"). In both cases, goods and services should be separately identified, if possible (see para. 4.15.).

**TABLE 4**

**Internal tourism consumption by products**

Products	Internal tourism expenditure			Other components of tourism consumption (**)	Internal tourism consumption (4.3) = (4.1) + (4.2)
	Inbound tourism expenditure (1.3)	Domestic tourism expenditure (2.9)	Internal tourism expenditure (4.1) = (1.3) + (2.9)		
<b>A. Consumption products (*)</b> <b>A.1 Tourism characteristic products</b> <b>1 – Accommodation services for visitors</b> 1.a – Accommodation services for visitors other than 1.b 1.b – Accommodation services associated with all types of vacation home ownership <b>2 – Food and beverage serving services</b> <b>3 – Railway passenger transport services</b> <b>4 – Road passenger transport services</b> <b>5 – Water passenger transport services</b> <b>6 – Air passenger transport services</b> <b>7 – Transport equipment rental services</b> <b>8 – Travel agencies and other reservation services</b> <b>9 – Cultural services</b> <b>10 – Sports and recreational services</b> <b>11 – Country-specific tourism characteristic goods</b> <b>12 – Country-specific tourism characteristic services</b> <b>A.2 Other consumption products (a)</b>					
<b>B.1 Valuables</b>					
<b>TOTAL</b>					

(\*) The value of **A. Consumption products**, is net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(\*\*) Components should be separately identified, if possible (see para. 4.41).

(a) If relevant and feasible, countries should separately identify both components ("tourism connected products" and "non-tourism related consumption products"). In both cases, goods and services should be separately identified, if possible (see para. 4.15.).

TABLE 5  
Production accounts of tourism industries and other industries (at basic prices)

Products	TOURISM INDUSTRIES											Other industries	Output of domestic producers (at basic prices)				
	1 - Accommodation for visitors	1 - a accommodation services for visitors except in 1-b	1 - b accommodation services associated with all types of vacation home ownership	2 - Food and beverage serving industry	3 - Railway passenger transport	4 - Road passenger transport	5 - Water passenger transport	6 - Air passenger transport	7 - Transport equipment rental	8 - Travel agencies and other reservation services industry	9 - Cultural industry			10 - Sports and recreational industry	11 - Retail trade of country-specific tourism characteristic goods	12 - Country-specific tourism industries	TOTAL
	(5.1)	(5.1a)	(5.1b)	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)	(5.7)	(5.8)	(5.9)	(5.10)	(5.11)	(5.12)	(5.13)	(5.14)	(5.15) = (5.13) + (5.14)
<b>A. Consumption products (*)</b>																	
<b>A.1 Tourism characteristic products</b>																	
1 - Accommodation services for visitors																	
1.a - Accommodation services for visitors other than 1.b																	
1.b - Accommodation services associated with all types of vacation home ownership																	
2 - Food and beverage serving services																	
3 - Railway passenger transport services																	
4 - Road passenger transport services																	
5 - Water passenger transport services																	
6 - Air passenger transport services																	
7 - Transport equipment rental services																	
8 - Travel agencies and other reservation services																	
9 - Cultural services																	
10 - Sports and recreational services																	
11 - Country-specific tourism characteristic goods																	
12 - Country-specific tourism characteristic services																	
<b>A.2 Other consumption products (a)</b>																	
<b>B. Non consumption products</b>																	
<b>B.1 Valuables</b>																	
<b>B.2 Other non consumption products (**) (b)</b>																	
<b>I. TOTAL OUTPUT (at basic prices)</b>																	
<b>II. TOTAL INTERMEDIATE CONSUMPTION (at purchasers price) (c)</b>																	
<b>(I - II) TOTAL GROSS VALUE ADDED (at basic prices)</b>																	
Compensation of employees																	
Other taxes less subsidies on production																	
Gross mixed income																	
Gross operating surplus																	

(\*) The value of **A. Consumption products**, is net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(\*\*) Includes all other goods and services that circulate in the economy of reference.

(a) If relevant and feasible, countries should separately identify both components ("tourism connected products" and "non-tourism related consumption products"), in both cases, goods and services should be separately identified, if possible (see para. 4.15).

(b) Goods and services should be separately identified, if possible (see para. 4.16).

(c) Breakdown by products should be provided, if possible (see para. 4.17).

TABLE 6

## Total domestic supply and internal tourism consumption (at purchasers' prices) (\*)

Products	TOURISM INDUSTRIES										Tourism ratios (%)									
	1 - Accommodation for visitors		1 - a. accommodation services for visitors except in 1-b		1 - b. accommodation services associated with all types of vacation home ownership		...		12 - Country specific tourism industries			TOTAL		Other industries	Output of domestic producers (at basic prices)	Imports*	Taxes less subsidies on products nationally produced and imported	Trade and transport margins	Domestic supply (at purchasers' prices)	Internal tourism consumption
	output	tourism share (in value)	output	tourism share (in value)	output	tourism share (in value)	output	tourism share (in value)	output	tourism share (in value)		output	tourism share (in value)							
(5.1)		(5.1a)		(5.1b)	(5...)	(5.12)	(5.13)	(5.14)	(5.15) = (5.13) + (5.14)	(6.1)	(6.2)	(6.3)	(6.4) = (5.15) + (6.1) + (6.2) + (6.3)	(4.3)	$\frac{(6.5)}{(6.4)} \times 100$					
A. Consumption products (*)																				
A.1 Tourism characteristic products (d)																				
1 - Accommodation services for visitors																				
1.a - Accommodation services for visitors other than 1.b																				
1.b - Accommodation services associated with all types of vacation home ownership																				
2 - Food and beverage serving services																				
3 - Railway passenger transport services																				
4 - Road passenger transport services																				
5 - Water passenger transport services																				
6 - Air passenger transport services																				
7 - Transport equipment rental services																				
8 - Travel agencies and other reservation services																				
9 - Cultural services																				
10 - Sports and recreational services																				
11 - Country-specific tourism characteristic goods																				
12 - Country-specific tourism characteristic services																				
A.2 Other consumption products (e) (d)																				
B. Non consumption products (f)																				
B.1 Valuables																				
B.2 Other non consumption products (**) (b) (d)																				
I. TOTAL OUTPUT (at basic prices)																				
II. TOTAL INTERMEDIATE CONSUMPTION (at purchasers price) (c)																				
(I - II) TOTAL GROSS VALUE ADDED (at basic prices)																				
Compensation of employees																				
Other taxes less subsidies on production																				
Gross mixed income																				
Gross operating surplus																				

X does not apply

\*\*\* Means that all tourism industries of the proposed list have to be considered one by one in the enumeration

\* Imports excludes direct purchase of residents abroad

(\*) The value of A. Consumption products, is net of the gross service charges paid to travel agencies, tour operators and other reservation services.

(\*\*) Includes all other goods and services that circulate in the economy of reference.

(e) If relevant and feasible, countries should separately identify both components ("tourism connected products" and "non-tourism related consumption products"). In both cases, goods and services should be separately identified, if possible (see para. 4.15).

(f) Goods and services should be separately identified, if possible (see para. 4.16.)

(c) Breakdown should be provided, if possible (see para. 4.17.)

(d) For goods, the tourism share is to be established on the retail trade margin only (see Annex 4)

TABLE 7

Employment in the tourism industries

Tourism industries	Number of establishments	Number of jobs by status in employment (*)			Number of hours worked by status in employment (*)			Number of full-time equivalent jobs by status in employment (*)												
		employees		self employed	employees		self employed	employees		self employed										
		Male	Female	Total	Male	Female	Total	Male	Female	Total										
1 – Accommodation for visitors 1.a – Accommodation services for visitors other than 1.b 1.b – Accommodation services associated with all types of vacation home ownership																				
2 – Food and beverage serving industry																				
3 – Railways passenger transport																				
4 – Road passenger transport																				
5 – Water passenger transport																				
6 – Air passenger transport																				
7 – Transport equipment rental																				
8 – Travel agencies and other reservation services industry																				
9 – Cultural industry																				
10 – Sports and recreational industry																				
11 – Retail trade of country-specific tourism characteristic goods																				
12 – Country specific tourism industries																				
<b>TOTAL</b>																				

(\*) in the reference period

TABLE 8

## Tourism gross fixed capital formation of tourism industries and other industries

Products	TOURISM INDUSTRIES											14 – Other industries	15 – Tourism gross fixed capital formation				
	1 – Accommodation for visitors	1 – a. accommodation services for visitors except in 1-b	1 – b. accommodation services associated with all types of vacation home ownership	2 – Food and beverage services industry	3 – Railway passenger transport	4 – Road passenger transport	5 – Water passenger transport	6 – Air passenger transport	7 – Transport equipment rental	8 – Travel agencies and reservation services industry	9 – Cultural industry			10 – Sports Recreational industry	11 – Retail trade of country-specific tourism characteristic goods	12 – Country specific tourism industries	13 – TOTAL
	(8.1)	(8.1a)	(8.1b)	(8.2)	(8.3)	(8.4)	(8.5)	(8.6)	(8.7)	(8.8)	(8.9)	(8.10)	(8.11)	(8.12)	(8.13)	(8.14)	(8.15) = (8.13) + (8.14)
<b>I. Tourism specific fixed assets</b> <b>1. Accommodation for visitors</b> 1.1. Hotels and other accommodation facilities for visitors 1.2. Vacation homes under full ownership 1.3. Vacation homes under other forms of ownership  <b>2. Other non residential buildings and structures proper to tourism industries</b> 2.1. Restaurants and similar buildings for food and beverage serving services 2.2. Buildings and infrastructure for the long distance transport of passengers 2.3. Buildings for cultural and similar services mainly for use by visitors 2.4. Facilities for sport, recreation and entertainment 2.5. Other facilities and structures  <b>3. Passenger transport equipment for tourism purposes</b> 3.1. Land (including road and rail) 3.2. Sea 3.3. Air  <b>4. Other machinery and equipment specialized for the production of tourism characteristic products</b>  <b>5. Improvements of land used for tourism purposes</b>																	
<b>III. Investment by the tourism industries in other non tourism-specific produced assets</b>  <b>(I + II) TOTAL</b>																X	
<b>Memorandum item:</b> <b>III. Other non-financial assets (*)</b>																	

X does not apply

(\*) See para. 3.40 and Annex 5.

**TABLE 9**  
**Tourism collective consumption by products and levels of government**

	Products (*)	Levels of government			Tourism collective consumption (9.4)= (9.1)+(9.2)+(9.3)	Memorandum item (**)
		National (9.1)	Regional (9.2)	Local (9.3)		
<b>85561</b>	Tourism promotion services					
<b>85562</b>	Visitor information services					X
<b>91135</b>	Administrative services related to the distributive and catering trade, hotels and restaurants					X
<b>91136</b>	Administrative services related to tourism affairs					X
<b>Part of:</b>						
<b>83700</b>	Market research and public opinion polling services					X
<b>91260</b>	Police and fire protection services					X
<b>92219</b>	Other education and training					X
<b>92920</b>	Educational support services					
	<b>TOTAL</b>					

X does not apply

(\*) CPC, Rev 2.0 Subclasses.

(\*\*) This column reflects the expenditure by the tourism industries in tourism promotion or other services related to the products described, when relevant.

**TABLE 10**  
**Non monetary indicators**

**a. Number of trips and overnights by forms of tourism and classes of visitors**

	Inbound tourism			Domestic tourism			Outbound tourism		
	Tourists (overnight visitors)	Excursionists (same-day visitors)	Visitors	Tourists (overnight visitors)	Excursionists (same-day visitors)	Visitors	Tourists (overnight visitors)	Excursionists (same-day visitors)	Visitors
Number of trips									
Number of overnights		X			X			X	

**b. Inbound tourism: Number of arrivals and overnights by modes of transport**

	Number of arrivals	Number of overnights
1. Air		
1.1 Scheduled flights		
1.2 Unscheduled flight		
1.3 Private aircraft		
1.4 Other modes of air transport		
2. Waterway		
2.1 Passenger line and ferry		
2.2 Cruise ship		
2.3 Yacht		
2.4 Other modes of water transport		
3. Land		
3.1 Railway		
3.2 Motor coach or bus and other public road transportation		
(i) taxis, limousines and rental private motor vehicle with driver		
(ii) Rental of man or animal drawn vehicle		
3.4 Owned private vehicle (with capacity up to 8 pers)		
3.5 Vehicle rental without operator (up to 8 pers.)		
3.6 Other modes of land transport (horse back bicycle, motorcycles, etc.		
3.7 On foot		
<b>TOTAL</b>		

(\*) In the case of inbound tourism, the variable would be "arrivals"

**c. Number of establishments and capacity by types of accommodation**

	Accommodation for visitors in ISIC 55				Real estate activities in ISIC 68	
	Short-term accommodation activities	Camping grounds, recreational vehicle parks and trailer parks	Other accommodation	Real estate activities with own or leased property	Real estate activities on a fee or contract basis	
Number of establishments						
Capacity (rooms)						
Capacity (beds)						
Capacity utilization (rooms)						
Capacity utilization (beds)						

**d. Number of establishments in tourism industries classified according to average number of jobs**

Tourism industries	Number of jobs							TOTAL	
	1-4	5-9	10-19	20-49	50-99	100-249	250-499		500-999
1 – Accommodation for visitors 1.a – accommodation services for visitors except in 1-b 1.b – accommodation services associated with all types of vacation home ownership 2 – Food and beverage serving industry 3 – Railways passenger transport 4 – Road passenger transport 5 – Water passenger transport 6 – Air passenger transport 7 – Transport equipment rental 8 – Travel agencies and other reservation services industry 9 – Cultural industry 10 – Sports and recreational industry 11 – Retail trade of country-specific tourism characteristic goods 12 – Country specific tourism industries									
<b>TOTAL</b>									

# **Annexes**



## Annex 1

### Main differences between TSA: RMF 2000 and TSA: RMF 2008

Topics	TSA: RMF 2000	TSA: RMF 2008
1. Analysis of tourism according to characteristics of trips and visitors	Its importance is not stressed	Although the 10 tables refer to aggregate measurements, the importance of detailed calculations and results is stressed
2. Definition of visitor consumption and its various scopes	The total consumption expenditure made by a visitor or on behalf of a visitor for or during his/her trip and stay at destination	Two concepts: tourism expenditure and tourism consumption:  <b>Tourism expenditure</b> refers to the amount paid for the acquisition of consumption goods and services as well as valuables for own use or to give away, for and during tourism trips. It includes expenditures by visitors themselves as well as expenses that are paid for or reimbursed by others.  <b>Tourism consumption.</b> The concept of tourism consumption used in the TSA goes beyond that of tourism expenditure. Besides tourism expenditure, it also includes services associated with vacation accommodation on own account, tourism social transfers in kind and other imputed consumption.
	Visitors final consumption in cash	Roughly similar to tourism expenditure.
	Visitors final consumption expenditure in cash and kind: tourism consumption	Roughly similar to tourism consumption: the difference with tourism expenditure is made explicit.
3. Difference between an activity (a pure process of production) and an industry (a grouping of establishments)	Differences not clearly stated. Ambiguous use of terminology	Clear difference between <i>tourism industries</i> grouping establishments which main activity is a tourism characteristic activity and <i>tourism characteristic activities</i> .
4. Characteristic products	A unique list to be applied by all countries	Included as two different subsets: A.1.i Internationally comparable tourism characteristic products A.2.ii Country-specific tourism characteristic products (to be determined by each country)
5. Characteristic activities	A unique list to be applied by all countries	Tourism characteristic activities refer to both subcategories of tourism characteristic products (A.1.i and A.2.ii).
6. Connected industries	Separately defined: country specific	Conceptually, they are excluded
7. Valuables	Excluded	Included when purchased on trips.
8. Time sharing arrangements and other innovative types of vacation home ownership	Not mentioned	Recognized
9. The meetings industry	Not mentioned	Recognized but considered as marginal, as their output is not mainly acquired by visitors.

Topics	TSA: RMF 2000	TSA: RMF 2008
10. Treatment of goods and margins on goods	Ambiguity as a result of lack of consensus on the treatment of goods purchased by visitors and the value added generated in their production Margins appear in tables 1 to 6 as different products.	Retail trade activities are associated with goods purchased by visitors and those associated with tourism characteristic goods are considered as tourism characteristic (IRTS). The value added in the production of goods is not part of tourism direct gross value added but is to be considered within the indirect effects. The treatment of transport and trade margins in the tables is similar to that of the supply and use tables in the SNA 1993 (a column included as element of the value of supply).
11. Outbound tourism	Outbound tourism is the tourism of resident visitors outside the economic territory of the country of reference	Outbound tourism comprises the activities of a resident visitor outside the country of reference, either as part of an outbound trip or as part of a domestic trip.
12. Table 7 "Employment in the tourism industries"	Includes jobs by status in employment and employed persons.	Includes jobs, hours of work and full time equivalent jobs, by status in employment.
13. Table 8 "Tourism gross fixed capital formation"	Infrastructure mainly for tourism purposes is not included	Infrastructure mainly for tourism purposes is included but only when feasible; the product breakdown is reviewed.
14. Table 9 "Tourism collective consumption	Tourism collective consumption is presented ambiguously according to function (COFOG)	Tourism collective consumption is only part of the expenditure of government in favor of tourism. Tourism collective consumption is presented according to CPC, Ver. 2.
15. Usefulness of the TSA for the measurement of tourism economic impacts	Ambiguity on the relationship between TSA and impact analysis	The TSA measures tourism direct economic contribution in the economy of reference, in response to tourism internal consumption. Consequently, it is short of measuring the total direct effects of tourism as it excludes the contribution of other components of total tourism internal demand.

## **Annex 2**

### **Relationship between the TSA and the central framework of the System of National Accounts, 1993**

The System of National Accounts 1993 (SNA 1993) gives great flexibility in the design of functionally oriented satellite accounts, as the objective of such accounts is to focus on specific aspects of an economic domain, "escaping from some constraints of the central framework", (SNA 1993, para. 21.50). As a consequence, for a specific domain, various designs would be possible, focusing on different aspects considered of more particular interest, and this is the case for tourism.

Gross domestic product (GDP) is widely considered a central aggregate to measure the economic performance of a productive activity. In developing the framework for the tourism satellite account, the first objective pursued was to provide an aggregate measurement of tourism as a complex economic activity that could be easily compared with the GDP and with the gross value added of other productive activities or industries. In effect, one of the major concerns in developing the TSA was to provide a credible measurement of the size of tourism, an aggregate that was in high demand among National Tourism Administrations that needed some kind of objective measurement of their domain of responsibility in order to gain recognition.

What follows is not an exhaustive description of the relationship between the TSA and the SNA 1993 but rather a brief summary for the general reader of the main concepts used by the TSA, and when and how they relate to those in the central framework of the SNA 1993.

#### **Production boundary**

In the description of tourism as a productive economic activity, it was necessary to use the same production boundary and the same definition of a production process and of value added as in the SNA 1993 central framework in order to be able to express the importance of tourism using the same benchmark. Except for accommodation services on own account and the service of paid staff, no imputation for services within a household provided on own account was thus possible within this restrictive context because they are not considered within the production boundary of the SNA 1993 even though it is recognized that such imputation might present some interest in comparing the relative costs of using individually owned consumer durables instead of hiring the service or renting similar assets from businesses. Recognizing this situation for countries in which the individual private automobiles are very widely used for tourism trips, it is recommended that some special additional estimation of such services be made as an alternative presentation of the accounts, but outside the framework of international comparison and comparison with national estimations of GDP.

## **Consumption**

Regarding the distinction between final consumption and intermediate consumption expenditures, it was necessary to break away from the SNA 1993 central framework recommendations because of the importance of tourism for business purposes that could not be left out, and where producers often directly cover the expenses of their employees. A dual, non homogeneous, classification of the so –called "producers` tourism expenses" is proposed in the TSA. These expenses relate to those incurred by producers that benefit visitors but that are classified in the central framework of national accounts as intermediate consumption. They refer to transport and accommodation expenses of employees on business trips, and to all expenses incurred by guests of a producing entity while on a trip and covered by this entity (invitations to sporting or cultural events on behalf of a trade partner (client or provider)). For the purpose of the TSA, when considering the activity of visitors, these producers` tourism expenses are considered as part of tourism consumption and considered as no different, in essence, from those consumption expenditures that the SNA 1993 considers as final consumption expenditure of households in their capacity as visitors. Nevertheless, when the calculation of the gross value added of industries is performed, there is a dual classification: on the one hand, these expenditure are intermediate consumption and their value is withdrawn from the total value of output for the calculation of the gross direct value added of the corresponding industries as a cost of production; on the other hand, these expenditures are part of tourism consumption and as such generate a tourism demand the attention to which generates tourism direct gross value added (TDGVA).

## **Treatment of innovative types of vacation home ownership**

When preparing the General Guidelines for Developing the Tourism Satellite Account<sup>1</sup>, the issue of timesharing arrangements regarding the ownership of vacation homes was discussed, and some solutions were suggested. Further consultations with the private sector and with countries were developed from which new analyses and new suggestions derived. This topic was taken over by the IACG on TS as well as by the EG on IESC. Recognizing that the currently used terminology of "timeshare" refers to different situations that can roughly be categorized in three classes: a) the deeded ownership; b) the "right-to-use" type of ownership, and c) the membership system, that have distinct economic characteristics, different solutions have to be proposed for their treatment in the National Accounts and in the Balance of Payments. Because the TSA framework only refers to transactions on goods and services, a unique solution for this restrictive scope has been proposed as follows:

- Fees for use of timeshare facilities (for linen service, cleaning, etc..) by owners are included in tourism expenditure;

- Day to day running expenses (in that case the property management services and other current payments such as property taxes) are not part of tourism consumption as they are assigned as costs to the productive activity associated to the ownership;
- Expenditure on “major improvements” (special assessments, representing additional payments made in order to meet specific expenses to enhance and extend the life of the physical property) are also excluded from tourism consumption and would be part of the increase of the rights of the owner, whatever the analysis of these rights (over either a physical asset, a financial asset, a produced or a non produced intangible asset);
- Timeshare exchange services and timeshare sales services would correspond to the “property owner” aspect of the arrangement, and not so much to the “consumer” and would be excluded from tourism consumption.

### **Treatment of valuables and tourism expenditure of important unit value**

In the case of direct purchases by residents abroad and direct purchase of non residents in the economy, BPM6 and SNA 1993 rev 1 have decided to include purchases of any good which value exceeds the Custom’s threshold within merchandise trade, and thus to exclude such purchase from the travel item (Balance of Payments) or the territorial adjustment (SNA).

The IRTS 2008 and the TSA: RMF 2008 include the purchase of valuables within tourism expenditure (and thus tourism consumption) and make no exception in treatment on the basis of the unit value of the goods purchased (as these exceptions as they are formulated do not guarantee uniformity in treatment over countries). This recognizes the importance of such purchases as the driving force for tourism in some places or by some categories of visitors.

### **Groupings of products and of establishments**

The TSA uses groupings of products and establishments that differ from those usually used by countries in their supply and use tables following SNA 1993, although they are extracted from the internationally approved classifications (CPC, Ver. 2 for products, ISIC, Rev. 4 for activities) since the present *International Recommendations* focuses mainly on tourism characteristic products and tourism industries. In general, such a different focus has no effect on totals but only on breakdowns by products or industries (see in [Annex 3](#) the discussion related to reservation services).

## **Tourism direct gross value added**

Finally, it is worthwhile underlining that TDGVA, the aggregate used in the TSA to measure the size of tourism, does not correspond to the gross value added of any set of productive units developing similar production processes as is the case of such measurements in the central framework of the SNA 1993. Tourism direct gross value added (TDGVA) is defined as part of the gross value added generated in the economy by tourism industries and other industries directly serving visitors in their supply of goods and services in response to internal tourism consumption. Part of this aggregate (TDGVA) may be generated by tourism industries, and part of it may also be generated by other industries. Not all the gross value added of the tourism industries (GVATI) is part of TDGVA since these industries may also serve non-visitors, in the same way that non-tourism industries may serve visitors and thus generate part of TDGVA.

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<sup>1</sup> General Guidelines for Developing the Tourism Satellite Account (TSA) volume 1 Measuring Total Tourism Demand Technical Document No 2 Measuring Tourism Demand - UNWTO 2000

## Annex 3

### Recording reservation services separately

In tourism statistics, and in particular in the TSA, the services typically provided by travel agencies, tour operators, and other providers of reservation services (item 8 of the classification of products –[see para. 3.10.](#)) should be treated separately from the rest of tourism consumption services that are purchased through their intermediation. This principle derives from the consideration that it is legitimate to consider reservation service providers as tourism characteristic activities, so that, in the TSA, they should be represented as providing a service directly to visitors. Additionally, it is necessary to measure all reservation services in the same way, irrespective of the procedure through which those services are actually remunerated (mark-ups, fees or commissions) (IRTS 2008 paras. 6.47. to 6.52.).

Therefore, their output, that is measured using the *gross margin* they generate, is to be considered as purchased separately by the users of the reservation services, and the value of the rest of tourism consumption services purchased through them should be established “net” of this gross margin.

As a consequence of such adjustment, not only is the breakdown of the tourism consumption of visitors by products modified, but the global value of domestic tourism consumption, outbound tourism consumption and inbound tourism consumption are altered because of the different countries of residence of the reservation service providers, the providers of the services that are intermediated and the visitors.

Though the values of domestic tourism consumption, outbound tourism consumption and inbound tourism consumption are modified, the net value of transactions between residents and non residents is not modified, as a decrease in outbound tourism consumption (see case A.b below) is balanced by a decrease in exports of reservation services (consumed by non resident carriers), a decrease in inbound tourism consumption (see case A.d below) is balanced by a decrease in imports of reservation services (consumed by resident carriers), etc.

Two different situations are possible and are described in the following sections: that of travel agencies and other reservation services providers (case A, where some examples are mentioned), and that of tour operators (case B).

#### **A. Travel agencies and other reservation services providers**

In order to make the presentation easier, it might be supposed that the service purchased corresponds to international air transportation, and that the current accounting procedure is that the carrier purchases the service of the travel agency, that

receives a commission. International air travel is thus purchased by the visitor from the carrier at a price that includes the value of the commission recognized by the carrier to the travel agency.

- (a) *The visitor, the travel agency and the carrier are all residents of country A.*

Following the current accounting principles, the visitor is purchasing air transportation from the carrier, who is resident of the same country as the visitor: it is a resident to resident transaction that would be part of domestic tourism consumption.

If the principle of recording reservations services separately is followed, then the visitor purchases a reservation service from the travel agency (a resident to resident transaction) and an air transportation service from the carrier (a resident to resident transaction): both of them are part of domestic tourism consumption.

The only difference between the current accounting procedure and the record in the TSA lies in a different product breakdown. In both cases, all consumption by the visitor is part of domestic tourism consumption.

- (b) *The visitor and the travel agency are resident of country A, the carrier is resident of country B.*

Following the current accounting principles, the visitor is purchasing air transportation from the carrier, who is a non-resident of country A: for country A, it is a resident to non-resident transaction that would be part of outbound tourism consumption.

If the principle of recording reservations services separately is followed, then for country A, the visitor purchases a reservation service from the travel agency (a resident to resident transaction) and an air transportation service from the carrier (a resident to non-resident transaction): the visitor now is purchasing two services, one of which is part of domestic tourism consumption and the other, part of outbound tourism consumption. The sum of the two values represents the total amount paid.

The method used changes the values of domestic tourism consumption and of outbound tourism consumption; the current accounting procedure includes all the value paid in outbound tourism consumption under transportation, whereas in the TSA, this value would be split into two components; one being outbound tourism consumption under transportation for the value paid by the visitor, net of the gross margin of the travel agency, and the other belonging to domestic tourism consumption corresponding to the purchase of reservation services.

- (c) *The visitor is resident of country A; the carrier and the travel agency are resident of country B.*

Following the current accounting principles, the visitor is purchasing air transportation from the carrier, who is a non-resident of country A: for country A, it is a resident to non-resident transaction that is part of outbound tourism consumption.

If the principle of recording reservations services separately is followed, then for country A, the visitor purchases a reservation service from the travel agency (a resident to non-resident transaction) and an air transportation service from the carrier (a resident to non-resident transaction): the visitor now is purchasing two services, that are both part of outbound tourism consumption. The method used does not change the value of outbound tourism consumption because for country A, the travel agency and the carrier are both non-residents;

- (d) *The visitor and the travel agency are residents of country B; the carrier is resident of country A.*

Following the current accounting principles, for country A, the visitor (a non-resident of country A) is purchasing air transportation from the carrier, who is a resident of country A: for country A, it is a non-resident to resident transaction that is part of inbound tourism consumption.

If the principle of recording reservations services separately is followed, then for country A, the visitor purchases a reservation service from the travel agency (a non-resident to non-resident transaction) and an air transportation service from the carrier (a non-resident to resident transaction): the visitor now is purchasing two services, one is excluded from the tourism accounts of country A (a non-resident to non-resident transaction that is part of domestic tourism consumption of country B but has no effect on the economy of country A) and the other is part of inbound tourism consumption of country A.

- (e) *The visitor is resident of country B; the travel agency and the carrier are residents of country A.*

Following the current accounting principles, for country A, the visitor (a non-resident of country A) is purchasing air transportation from the carrier, who is a resident of country A: for country A, it is a non-resident to resident transaction that is part of inbound tourism consumption.

If the principle of recording reservations services separately is followed, then for country A, the visitor purchases a reservation service from the travel agency (a non-resident to resident transaction) and an air transportation service from the carrier (a non-resident to resident

transaction): the visitor now is purchasing two services, that are both part of inbound tourism consumption. The method used does not change the value of inbound tourism consumption but only its product breakdown.

Other cases might be considered, but the type of analysis is always the same: it is necessary to determine unambiguously the countries of residence of the visitor, of the reservation service provider and of the providers of the intermediated services.

The findings are summarized in the following table that considers international transportation as an example of other services that can be intermediated:

**Summary presentation of the aggregated effects of extracting reservation services from the value of the services they sell in a selection of cases**

Country of residence of			Commented case	Traditional recording for country A	Effect of extracting reservation services
the visitor	the provider of reservation services	the provider of intermediated service (e.g. international transportation)			
A	A	A	(a)	Domestic tourism consumption: total international transport	Domestic tourism consumption: different breakdown
A	A	B	(b)	Outbound tourism consumption (for country A): export of reservation services purchased by international transportation	Reservation services in Domestic tourism consumption: International transportation in Outbound tourism consumption (value net of reservation services)
A	B	B	(c)	Outbound tourism consumption: total international transport	Outbound tourism consumption: different product breakdown
B	B	A	(d)	Inbound tourism consumption: total international transport; import of reservation services purchased by international transport	Reservation services excluded from tourism consumption: International transportation in Inbound tourism consumption (value net of reservation services)
B	A	A	(e)	Inbound tourism consumption: total international transport	Inbound tourism consumption: different product breakdown

## **B. Tour Operators**

The valuation of package tours applying the principle of valuating separately the reservation services and that of the packager implies that all services bundled together in a package are considered to be acquired separately by the visitor, including the services of the tour operator and that of the travel agency through which the purchase is made. In the case of a package, the situation is more complex than described in the previous section, as not only the country of residences of the visitor, the travel agency and the end providers of the intermediated tourism consumption services have to be taken into consideration, but also that of the tour operator (the packager).

In a traditional way of recording that transaction, whether it is part of domestic, inbound or outbound tourism consumption depends exclusively on the country of residence of the visitor and that of the travel agency selling the package.

If reservation services (and that of tour operators) are recorded separately, (as in the TSA), the classification of the different transactions on the services of the travel agency, the tour operator and of the providers of the rest of tourism consumption services will depend on their country of residence as compared to that of the visitor. The services of the travel agency and of the tour operator will be valued on the basis of their gross margin, and the values of the rest of tourism consumption services will be valued on a net basis, from which the value of the services provided by the tour operator will be deducted.

## Annex 4

### The treatment of goods<sup>1</sup> and retail trade activities

From a tourism perspective, the productive activity associated with goods purchased by visitors is the retail trade activity by which they are made available to them (IRTS 2008 para. 5.40.). The reason is that neither the activity producing them, nor other distribution and transport activities through which goods are made available to retailers are in a direct relationship with the visitors, a condition that is imposed on activities to be viewed as directly serving visitors (which does not imply to be in physical contact with them). As a consequence, the treatment to be given to goods and retail trade activities within the TSA framework and in particular in the calculation of tourism direct gross value added needs further explanation.

Although tourism consumption is mostly viewed as related to services, (food and beverage provided by food service providers are considered as services), visitors do purchase goods, either for their trip or during their trip, and in some cases, shopping might become the main purpose of a tourism trip. The total value at purchasers' prices of goods acquired by visitors is part of tourism consumption.

Tourism analysis initially focuses on measuring tourism direct economic contribution on industries serving visitors that are geographically located either in places visited by visitors, or in their places of origin. This is not usually the case of the processes by which goods are produced to be consumed by visitors. The broader effects of tourism on an economy will be part of the measurement of the economic impacts of tourism, which will be discussed in Annex 6. And it is only in this context that the production and other activities directly serving visitors will be taken into consideration.

Because in the SNA 1993 supply and use tables, production and output are valued at basic prices (as well as imports) whereas uses are valued at purchasers' prices, it is necessary to add to the value of each good (that appears in rows in such table) from the supply perspective (at basic prices), two classes of adjustments: one has to do with the taxes net of subsidies on products which value is excluded from output and imports that are valued at basic prices, but is included in the value at purchasers' prices, and the other has to do with the transport and distribution margins, that represent the value of transportation, wholesale and retail trade services included in the purchasers' price of the good, that is the price faced by the endline purchaser. These adjustments are presented as columns, in which each cell at the intercept with a row presents the adjustment corresponding to the product appearing in the row (taxes net of subsidies on the one hand, transportation, wholesale and retail trade services in one or various columns on the other). With this procedure, supply of each product in the economy (the total of the row) is valued at the same price as its use, that is, at purchasers' price.

From a production perspective, the value of the production of these transport and distribution margins appears as the sum of the output of the different industries that produce these margins and particularly the transport industry (in the case of transport) and the trade industries (in the case of wholesale and retail trade services). In the supply

and use tables, the value of these services (that is part of total supply by domestic industries in the supply table) corresponds initially to specific rows, are assigned to goods via the columns representing transport and distribution margins and the corresponding cells using the following procedure: In the column(s) of supply representing margins, the intercept with the rows concerning the industries producing these services (transport and whole sale and retail sale trade) will contain the total value of the services with a negative sign, so that the total value of supply concerning the row will be 0 as there is no specific use for these products as such (independently from the products to which they are attached). On the other hand, these values “transferred” from the distribution and transport activities will be assigned to the corresponding products in the column(s) corresponding to the margin so that the total of the column (transport and trade margins) for the whole economy will be equal to 0.

As a consequence, there will be no double counting of these margins that will first appear as an output of the industries producing them, and then assigned to the goods to which they correspond.

TSA table 6 follows the type of presentation to be found in the SUT. A specific column (or columns), in the block concerning supply represents trade and transport margins. They only apply to goods, that is, country-specific tourism characteristic goods and other goods (that might represent one or more rows). For all other rows, the value of the cell in the corresponding column is 0 as services do not carry trade and transport margins.

Because of this form of presentation, it is no longer necessary, as was the case in the presentation of the tables, in the TSA: RMF 2000, to isolate margins as products different from the goods to which they correspond within tourism consumption.

Nevertheless, when establishing *tourism shares*, that are values required for the calculation of tourism direct gross value added, it is the value of the retail trade margin that will be used as the basis of their calculation as this margin represents the value of the output of the service provider who makes the good available to the visitor.

For tourism characteristic goods, the total sum of these trade and transport margins corresponds to retail trade margins on the one hand and wholesale trade and transport margins on the other. Only the retail trade margins generate share. The retail trade margins are attributable to the industry identified as “Retail trade of country-specific tourism characteristic goods” ([see Figure 4.2.](#)), whereas the wholesale and transport margins are attributable to other industries (no share).

For the other goods ([see para 3.7.](#)), all the value of trade and transport margins pertains to other industries, and part of it generates share (the part corresponding to retail trade) whereas the rest of the value does not generate share.

In both cases, the corresponding retail trade margins are assigned back to the industries that have produced these margins (retail trade) following the same procedure as that used in setting up the supply and use tables of the 1993 SNA (SUT).

The tourism shares will be established only on the margins produced by the retail trade industry, either tourism characteristic, or not. The remaining value of goods purchased by visitors is deemed not to generate tourism shares and not to generate tourism direct gross value added but only indirect effects. ([see Annex 6](#)).

It is important to note that, it is possible, within a National Accounts context and following the SNA 1993 recommendations for the setting up SUT, to break down the value of goods at purchasers' price into their basic value (value as the goods leave the producer, net of taxes on products), the accumulated net taxes on products (part of the purchasers' prices of the goods) and the corresponding trade and transport margins (value net of taxes on products) generated in the different processes between the sale by the producer and the sale to the endline purchaser). In that case, the measurement of tourism consumption following similar types of rules should not be limited by data considerations.

Countries using in their compilation of TDGVA or TDGDP the value added of all activities involved in the supply of goods instead of limiting their share to the retail trade margin should provide an estimate of the impact of this method on the result. In particular, the value added associated with the retail trade activity should be separately identified. This would facilitate the international comparability of estimates.

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<sup>1</sup> Most of the observations made in this section, refer both to goods and to valuables. For simplicity, the term “goods” refers to both goods and valuables.

## Annex 5

### Proposed lists of tourism single-purpose consumer durables, items belonging to tourism gross fixed capital formation and non market products linked to tourism collective consumption

#### A. Tourism single-purpose consumer durables

The proposed list of tourism single-purpose consumer durables is flexible. Countries with or without winter or those in which water activities that can be undertaken from within the usual environment, may, for example, use different lists of tourism single-purpose consumer durables. For this reason, the list contains two different categories of tourism single-purpose consumer durables: those that are usually common to all countries and, those that a country may wish to include due to its particular characteristics.

To facilitate different lists for different countries, a category of “other recreational and sporting equipment” is proposed, leaving countries to specify their own products within this category, reflecting the country’s typical activities. For example, some countries would include skis, others would include water skis and yet others would include tennis racquets and golf clubs. The inclusion of “other recreational and sporting equipment” would however be common to all countries.

#### List of tourism single-purpose consumer durables

Commodities	CPC Ver. 2*	All countries	Optional
Airplanes and Hang gliders	49611, 49622	Yes	
Motorhomes or Recreation Vehicles	49113, 49222	Yes	
Camper vans (e.g., specially equipped for travel purposes)	49222	Yes	
Travel and tent trailers	49222	Yes	
Luggage	29220	Yes	
Camping equipment (tents, sleeping bags, camping stoves, etc).	27160, 27180, 36990	Yes	
<b>Other recreational and sporting equipment**:</b>			
Motor boats, outboard engines and trailers for boats	49490, 49229, 43110	Yes	
Seadoos	49490		Yes
Sailboats with or without auxiliary motor, yachts	49410, 38420		Yes
Canoes, kayaks, and sailboards, incl. accessories	49490, 38420, 38440		Yes
Ski equipment (skis, skiboats, ski jackets and suits, etc.)	29420, 38440		Yes
Hunting and sports fishing equipment	29420, 38440		Yes
Sea-diving equipment	38420		Yes
Waterskis and other water-sport equipment	38420		Yes
Climbing/tramping/hiking equipment	29420		Yes
Tennis or golf equipment	38440		Yes

\* Most of these categories are parts of CPC classes indicated

\*\* To be established and completed by each country according to its own situation. Items included are for illustrative purposes

## **B. Tourism gross fixed capital formation**

As previously mentioned ([see para. 2.46.](#)), tourism gross fixed capital formation is made of three categories:

- Tourism-specific fixed assets (including five subcategories)
- Investment by the tourism industries in non tourism-specific fixed assets and
- Tourism related infrastructure (not included in the recommended table)

A memorandum item is also proposed including non produced non-financial assets acquired by the tourism industries, both tangible and intangible such as land, that underlying buildings and structures and recreational land, as well as patented entities and leases and other transferable contracts.

The items are classified in reference with the SNA 1993 definitions and classifications of assets (SNA 1993 Annex to chapter XIII).

As in the case of tourism single-purpose consumer durables, the tourism character of certain types of investment in fixed assets is left to countries to decide, and particularly in those that have developed specific investments for this particular purpose, as for instance the development of golf courses, marinas, ski fields, the setting up of facilities to receive visitors in national parks, etc. that are mainly oriented to the tourism market.

At international level, it is difficult to enter in the detail of the different CPC, Ver. 2 items that could correspond to each of the categories that are proposed here. But countries are encouraged, when compiling the table on tourism gross fixed capital formation, to present the detailed CPC, Ver. 2 categories that are included, when possible.

Following SNA93 chapter XII, the main subcategories of tourism specific fixed assets are the following:

### **I. Tourism specific fixed assets**

#### **1. Accommodation for visitors**

- 1.1. Hotels and other accommodation facilities for visitors
- 1.2. Vacation homes under full ownership
- 1.3. Vacation homes under other types of ownership

#### **2. Other non residential buildings and structures proper to tourism industries**

- 2.1. Restaurants and similar buildings for food and beverage serving services
- 2.2. Buildings and infrastructure for the long distance transport of passengers
- 2.3. Buildings for cultural and similar services mainly for use by visitors
- 2.4. Facilities for sport, recreation and entertainment
- 2.5. Other facilities and structures

#### **3. Passenger transport equipment for tourism purposes**

- 3.1. Land (including road and rail)
- 3.2. Sea
- 3.3. Air

#### **4. Other machinery and equipment specialized for the production of tourism characteristic products**

#### **5. Improvement of land used for tourism purposes**

Their content follows the following guide lines:

**1. Accommodation for visitors**

- 1.1. *Hotels and other accommodation facilities for visitors* includes: hotels, motels, inns, youth hostels, mountain shelters, camping sites, holiday camps and villages, bed and breakfast, etc.,.
- 1.2. *Vacation homes under full ownership* includes: all types of dwellings used as vacation homes and that are fully owned by the household.
- 1.3. *Vacation homes under other types of ownership* includes all assets used for other types of vacation home ownership such as timeshares, fractionals, residence hotels, etc.

**2. Other non residential buildings and structures proper to tourism industries:**

- 2.1. *Restaurants and similar buildings for serving food and beverages*, which include: restaurants, cafés, bars and self-service establishments (night-clubs, discotheques etc.).
- 2.2. *Buildings and infrastructures for the long distance transport of passengers by land, sea and air*, which include: passenger terminals, electric lines for long distance railways specifically for passenger transport, construction of docking and mooring facilities for passenger ferries or cruise ships.
- 2.3. *Buildings for cultural and similar services mainly for use by visitors*, which include restoration of historical monuments, tourism sites, etc.
- 2.4. *Facilities for sport, recreation and entertainment*, for leisure activities mainly outside the usual environment, which include: construction of swimming pools or any other amenities for the recreation of guests in hotels or resorts, construction of zoos and attraction parks, ski resorts, marinas, golf courses, etc.
- 2.5. *Other facilities and structures*.

**3. Passenger transport equipment:**

- 3.1. *Land transport*, which includes: (a) road transport (interurban coaches, sightseeing coaches etc.) and (b) railway passenger transport (locomotives, diesel trains, passenger wagons except for commuter trains, etc).
- 3.2. *Sea transport*, which includes: passenger and vehicle ferries, cruise ships and yachts.

3.3. *Air transport*, which includes aircrafts, gliders and hang-gliders, observation balloons and air-ships, luggage transport vehicles, helicopters etc.

**4. Other machinery and equipment specialized for the production of tourism characteristic products:**

All capital goods not included in other headings and specifically associated with the provision of services to visitors by the tourism industries, such as equipment for the industrial preparation of food in restaurants, special equipment for passenger terminals, equipment and furniture for hotels and restaurants, sports equipment etc. Consumer durable goods acquired by visitors are excluded.

**5. Improvements of land used for tourism purposes**

Recuperation of land from the sea by the construction of dykes, retaining walls or dams, ecological clearing of forests, etc. in order to permit this land to be used for tourism purposes.

**C. Tourism collective consumption**

Countries might classify government production of collective non-market services related to tourism in the following CPC, Ver. 2 categories:

- CPC 85561 Tourism promotion services;
- CPC 85562 Visitor information services;
- CPC 91135 Administrative services related to the distributive and catering trade, hotels and restaurants;
- CPC 91136 Administrative services related to tourism affairs;
- Part of:
  - CPC 83700 Market research and public opinion polling services;
  - CPC 91260 Police and fire protection services
  - CPC 92219 Other education and training
  - CPC 92920 Educational support services

Countries are encouraged to increase this list with further proposals.

## Annex 6

### The measurement of the economic impacts of tourism

Tourism defined as the activities undertaken by visitors for and while on visits generates directly and indirectly an increase in economic activity in the places visited (and beyond), mainly due to their demand for goods and services, that need to be produced and provided. There is considerable interest in measuring the impacts of such increased economic activity, either on a country as a whole, or on a region or even a local destination.

Economic impact studies aim to measure economic benefits, that is the net increase in the wealth of residents resulting from tourism, measured in monetary terms, over and above the levels that would prevail in its absence. This change in wealth might occur not only through increased flows of income to households but also through the change in net worth induced by the change in market value (positive or negative) of existing assets, both produced and non produced, as a response to the induced change in demand for such types of assets.

Leaving aside the change in net worth, the change in income resulting from the response of producers to the additional demand associated to visitors can be estimated through different interrelated indicators that might be developed using the TSA combined with other types of instruments and that relate to value added, employment, remuneration of employees, gross business income, government revenues, etc..

In terms of input-output analysis, three different types of effects are defined: direct, indirect and induced effects.

The *direct effects* only take into account the immediate effects of the additional demand (tourism internal consumption or total tourism internal demand) on production processes and supply of goods and services in terms of additional goods and services, and additional value added and its components.

The TSA as such only makes it possible to measure the direct effects of consumption on output and value added of tourism industries and other industries serving them (and it is what indicates the term “direct” in the denomination used of Tourism direct Gross value Added and Tourism Direct Gross Domestic Product). Nevertheless, if only tourism internal consumption is measured, not all direct effects are taken into consideration ([see para. 4.101.](#))

In order to serve visitors, productive activities require additional inputs: for example, restaurants have to buy and prepare more food, hotels need more housekeeping supplies and public services, aquatic centers consume more cleaning supplies and more water, transport businesses must buy more petrol, fuel and spare parts, etc.. Often, additional direct investment is also required in order to serve additional customers: more roads, more hotels, more restaurants, more beaches have to be established and cleaned, etc.. In response to the initial visitor spending, there is a round of increased

demand for goods and services necessary to satisfy visitor demand for goods and services. These intermediate inputs or capital goods need to be produced or imported, and this, in turn, induces a chain of additional demand for different factors of production (i.e. inputs, labor and capital), a phenomenon that continues through several rounds until exhausted by leakages (see below). This chain of effects that enables the activities directly serving visitors to do so is called the *indirect effects* of visitor demand.

The chain of indirect effects of tourism consumption on other industries are due to the *linkages* of industries serving tourism to other industries that supply them with intermediate inputs and capital goods, and then with the linkages of these industries with others that supply them, and so on. All these effects generate additional value added, employment, compensation of employees, taxes, income, etc..

In addition, the increase of income distributed to the labor force and to the owners of productive capital resulting from incremental visitor demand also generates increased demand for goods and services through a rise in household consumption. This additional demand generates a chain of *induced effects* on a great variety of goods and services.

The overall economic impacts of tourism on the economy are a combination of direct, indirect and induced effects and can be established for different types of economic variables.

*Linkages* and *leakages* are two phenomena that need to be clearly identified in an economy, as their intensity has important consequences for the magnitude and location of economic impacts related to tourism demand.

#### *Linkages*

Industrial statisticians over the world are encouraged to build input-output tables, which purpose is precisely to represent the interdependence (the *linkages*) between the different production processes in an economy. The supply and use tables (SUT) that is to be found in the National Accounts of a country, when they follow the recommendations of the SNA 1993, is a type of input-output table.

#### *Leakages*

Leakages occur when part of the incremental demand generated by tourism and the consequent earnings, rather than being retained by the economy visited, are appropriated by other economies in the form of imports of goods and services to cater to the needs of tourists, or through other forms of distribution and redistribution of the primary income generated by the spending of visitors.

Leakages extend also to the second and subsequent rounds of the production process, that is, they include not only the imports that have been identified as those directed towards direct consumption by visitors, tourism investment, or intermediate consumption (input) for the direct service of visitors or for the production of tourism investment goods,

(the first round) but also the imported inputs and gross fixed assets necessary for the production of these inputs and investment goods (second round) and then the inputs needed for the production of these inputs and capital goods etc..

They also include flows related to the distribution and redistribution of income, and the use of domestic income for increased final consumption expenditure that might extend to imported goods. The sum of all these additional imports to the economy and outflows of income would be called indirect leakages and are beyond the scope of many analyses.

### **Methods used to estimate indirect and induced effects of tourism**

The methods used are roughly of three types:

#### **A. Models based on Input-output analysis**

“An input-output table is a widely used matrix framework to supply detailed and coherently arranged information on the flow of goods and services and on the structure of production costs (SNA 1993 para. 20.2.).... (all components of final demand) are shown by product or industry of origin and intermediate consumption is shown, both by product or industry of origin and by product or industry of destination...”.

By using an input-output table, it is possible to express the technical relationship between output by product or activity (at basic price) and intermediate consumption (at basic price) by product or activity as a technical coefficient, and establish a matrix of technical coefficients in which each cell represents the required value of input  $i$  for the production of 1 unit value of output  $j$ .

In order to take leakages into consideration, it is necessary to differentiate locally produced consumption goods and services, inputs and capital goods from imported ones as imported components do not generate a chain of domestic output.

The use of models based on input-output relationships supposes various assumptions that are not always satisfied and in particular:

- a linear relationship between inputs and outputs, expressed through the matrix of technical coefficients;
- a relative stability of these technical coefficients overtime as most countries only observe them from time to time;
- a stability in the shares of locally produced goods and services and non locally produced goods and services (originated in other country or in other region of the same country), that is, no substitution between the origins of the products.

In the case of tourism, the application of input-output models is further complicated by the fact that tourism consumption includes elements that do not belong to final demand but to intermediate consumption of activities developed by resident producers.

Calculations based on such types of models require not only the use of a developed Tourism Satellite Account but of a developed System of National Accounts as well. Additionally, this system should incorporate not only a detailed supply and use table, but one where it is possible to identify separately the imported component of each of the cells representing inputs of all industries, as well as of internal tourism consumption (or of total tourism internal demand). It would also be necessary to identify, within tourism gross fixed capital formation its imported components.

## **B. Computable General Equilibrium Models**

Although based on similar types of data and assumptions, Computable General Equilibrium (CGE) Models are designed to relax some of the constraints inherent in Input-output models, in particular price variation constraints. With these types of models, the SUT compiled for a given year represents a situation of equilibrium between the different variables of the system. Tourism generates changes in some of the variables, and the model, usually an optimization model, computes a new equilibrium situation under the conditions imposed by the vector of tourism demand and the relationships that exist between the different variables of the supply and use table. These relationships are modeled. They might have any type of form, and are not necessarily linear. Additionally, these models might take into consideration other types of response to increased demand, including effects on prices of inputs, capital and labor if capacity cannot respond to this increase in the short run.

These complex models are iterative and usually converge towards a unique solution, given a vector of demand.

Unlike input-output models whose form, operation, data requirements and interpretation are widely known and agreed upon, CGE Models vary in data required, assumptions and structure. Many are proprietary and not explicated for public evaluation or use, making them less fit for international comparisons.

## **C. Multipliers**

Both procedures are technically complex, and have enormous information needs. For this reason, analysts sometimes use exogenous multipliers (estimated from other economies or regions), that convert the value of tourism consumption (total or by product categories) into estimates of the indirect and induced effects.

These multipliers are of various kinds. Some of them relate the change in the variable being observed (value added, employment, government income) to the initial tourism expenditure. Others relate direct plus indirect and induced effects on a variable (e.g. labor compensation) to direct effects of the same variable and for that reason are called ratio multipliers.

Because of their oversimplification, and because they usually do not rely on a detailed description of the specificity of tourism and of the economy under study, the use of exogenous multipliers gives only approximate results.

## **Annex 7**

### **Adapting the TSA to subnational levels**

Tourism in a country is unevenly “localized” in the national territory, from the perspective of both demand and supply. Consequently, it generates additional demand at the different territorial levels that needs to be measured using reliable and suitable tourism statistics for decision-making by public and private stakeholders, within a framework of coherence and compatibility with national and regional statistics.

The territorial localization of tourism is a necessity from both the regional and national perspectives, and consequently, the regional development of the STS of a country is obligatory. Its implementation will depend on the priority that is given to one of the following two approaches: an inter-regional or regionalization approach, or a regional approach.

The IRTS 2008 addresses the specific issues related to establishing tourism statistics covering different geographical environments and the need for definitions and concepts to adjust to such new venues, particularly the usual environment, the definition of the different categories of visitors, and the existence of different procedures to relate tourism statistics at other geographical levels with that of national tourism statistics (IRTS 2008 – chapter 8.C. “Measuring tourism at sub-national levels”).

There are various reasons for encouraging discussion on how TSA can be adapted to subnational levels:

- the worldwide trend towards a certain degree of “de-centralization of political power” and, more especially, the “decentralized management” of national resources in federal states, regions, municipalities, etc., which, in order to allocate and monitor those resources effectively, need more and better-integrated regional and local information;
- the multifaceted nature of tourism activities, which can potentially benefit rural areas seeking to diversify, as well as areas overlooked so far as the prevailing production model is concerned;
- the unequal geographical distribution and characteristics of tourism activity within the national territory, from the standpoint of both demand and supply, leading to additional requirements for tourism statistics at the various territorial levels;
- the growing interest of tourism-related businesses in learning about the interrelation of their activity with others and its main determinants and seasonal cycles;

- the necessity of improving the allocation of resources in national and local economies, which can only be achieved by upgrading quantitative references and measuring economic impacts.

There are two possible approaches to this adaptation:

- the *interregional* approach, which would be common to all the regions of the national territory and based on and intimately linked to the System of National Accounts. It is an approach that relies on the existence of a National TSA and the availability in each region of uniform tourism information for each of the tables and aggregates to be regionalized;
- the *regional* approach, which would entail the development of a specific TSA for any given region, in which specific situations and differentials may also be identified for important subregional territories, provided there is sufficient information on them.

For either of these approaches, the first thing to note is that no conceptual framework exists at regional level equivalent to that of the System of National Accounts: the SNA93 does not define a specific framework for regional accounting; nor are the general statistical systems of most countries designed for this purpose. When the national accounts speak of regional accounts, they refer to a table or set of aggregates but never to a set of associated accounts developed to a similar degree. This is due not only to observation difficulties, which are many owing to the non-existence of border controls in these territories, but also to the fact that many national accounting concepts are not directly applicable at sub-national level.

Only in the European System of Accounts (the ESA-95 is an adaptation of the SNA93) is there a simplified scheme of regional accounts, which owes its existence to the regional policy applied by the European Union for the distribution of structural and other funds

At present, for neither of the two approaches (*interregional* or strictly *regional*) nor for each and every region in most countries is it possible to make a strict identification of tourism activity in the terms of the scheme used in the design of the SNA93 and the TSA, whose formal representation is a body of interconnected accounts and accounting aggregates. There are three main reasons for this:

- not all tourism variables (for instance, trips, residence and forms of tourism) are additive or easily transportable from the national environment to subnational level; the same applies to other variables, such as the export and import of goods and services;
- some activities cannot, strictly speaking, be regionalized (auxiliary activities of multiregional units and central government services related to tourism), and for others, such as the interregional transport of passengers and tour

operator and travel agency services (more specifically, the disaggregation of the tourism package), measurement is even more complicated than at national level;

- the enormous amount of statistical information required because, although officially there are administrative boundaries separating the regions, there is free movement of people, goods, services, capital, etc., which means that no instruments are in place for monitoring flows to and from the region.

Nevertheless, the greatest restrictions occur on the demand side, both because of the requirement to adapt the conceptual framework of the TSA (the definitions of such concepts as usual environment, residence, forms of tourism, trips and purpose of the trip are the most significant examples) and because of the complexity and cost of capturing the corresponding data.

Among statisticians and national accountants in particular, the first option (*interregional*) corresponds to what is known as the “top-down” approach, whereas the second (*regional*) is known as the “bottom-up” approach.

It should be noted that the top-down approach provides a set of regional estimates that sum to the national TSA totals and can be interpreted as shares of those totals and are comparable to one another, while the bottom-up approach is likely to produce a set of regional estimates that sum to greater than the national TSA totals and can only fairly be compared to one another.

## Annex 8

### OECD employment module

#### Introduction

The OECD employment module presents a conceptual and methodological framework with a set of key employment variables (downloadable at [www.oecd.org/cfe/tourism](http://www.oecd.org/cfe/tourism)). The work highlights the importance of employment and human resource issues for the tourism-related industries, and therefore the need to provide comprehensive and reliable employment data for both public and private users. The guidelines are consistent with the concepts and definitions followed in other areas of socio-economic and tourism statistics, notably the SNA 1993, the ILO standards, the 2008 International Recommendation for Tourism Statistics, the 1999 OECD guidelines on tourism satellite accounts and the present *International Recommendations*. The methodology is intended to be simple and flexible for adoption and adaptation.

#### Objectives

The primary objective of the OECD employment module is to provide a statistical framework and methodological guidelines to establish the level and some characteristics of employment in the tourism industries. This is mainly done from a supply-side perspective. In other words, only the employment in a set of selected characteristic tourism industries is taken into account. Even if the OECD employment module is closely linked to tourism satellite accounts, it should also stand on its own, that is, employment should be seen not only as a factor in the production process but also as a social phenomenon.

One objective is that application of this methodology may improve international comparability of statistics on employment in the tourism industries. This will not be an easy task, because comparability of data on employment in general is already hampered by differences in methods and definitions between countries. Even at the national level, employment statistics and data sources often provide different and fragmented results.

#### The conceptual framework

The OECD employment module establishes a process that links basic employment data with the tourism satellite account, by using the employment module as an integration framework (micro-macro linkage). This process uses indicators of the general level of tourism-related employment, such as jobs, persons employed or full-time equivalents - with a further distinction for seasonal employment and "jobs on the side" - and key employment variables, such as sex, age, education level, nationality, status in employment, working scheme, average seniority, average hours of work, average gross earnings, permanency of jobs and irregular working hours. The tourism satellite account provides a link between tourism demand and tourism supply. This results in a selection of tourism-related industries, seen from a supply-side. Such a framework provides possibilities for statistical integration and coordination.

## **The way forward**

The employment module can improve national and international comparability of tourism-related employment data considerably. It can function as a benchmark against which other employment data can be set, leading to a better overall picture and increased comparability. However, the connection between the OECD employment module and the TSA should not be seen as the only and perfect road. The OECD employment module also highlights areas where further research could be done. The experience of countries in implementing the employment module and the cooperative work currently being developed by various international organizations should be helpful in clarifying some of these issues.

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## Glossary of terms

<b>Domestic tourism consumption</b>	<i>Domestic tourism consumption</i> is the tourism consumption of a resident visitor within the economy of reference (see Figure 2.1)
<b>Durable consumer goods</b>	Durable goods are goods that “may be used repeatedly or continuously over a period of a year or more, assuming a normal or average rate of physical usage”. When acquired by producers, these are considered to be capital goods used for production processes as is the case of vehicles, computers, etc. When acquired by households, they are considered to be consumer durable goods (see para. 2.39)
<b>Gross margin</b>	The gross margin of a provider of reservation services is the difference between the value at which the intermediated service is sold and the value accrued to the provider of reservation services for this intermediated service.
<b>Gross value added</b>	<i>Gross value added</i> is the value of output less the value of intermediate consumption (see para. 3.32.)
<b>Gross value added of the tourism industries (GVATI)</b>	<i>Gross value added of the tourism industries</i> is the total gross value added of all establishments belonging to tourism industries, regardless of whether all their output is provided to visitors and of the degree of specialization of their production process (see para. 4.86.)
<b>Inbound tourism consumption</b>	<i>Inbound tourism consumption</i> is the tourism consumption of a non-resident visitor within the economy of reference (see Figure 2.1)
<b>Internal tourism consumption</b>	<i>Internal tourism consumption</i> is the tourism consumption of both resident and non-resident visitors within the economy of reference. It is the sum of domestic tourism consumption and inbound tourism consumption (see Figure 2.1)
<b>National tourism consumption</b>	<i>National tourism consumption</i> is the tourism consumption of resident visitors, within and outside the economy of reference. It is the sum of domestic tourism consumption and outbound tourism consumption. (see Figure 2.1)
<b>Non-monetary indicators</b>	<p>Non-monetary figures relate to producing units and factors of production (labour, various kinds of assets) and users/beneficiaries (SNA 1993 para. 21.57.).</p> <p>Physical data are not to be considered a secondary part of a satellite account. They are essential components, both for the information they provide directly and in order to make the monetary data fully meaningful (SNA 1993 para. 21.113).</p>

	<p>A satellite account allows for the linkage of physical data to the monetary accounting system. In the central framework this kind of link remains generally implicit (SNA 1993 para 21.110.).</p>
<b>Outbound tourism consumption</b>	<p><i>Outbound tourism consumption</i> is the tourism consumption of a resident visitor outside the economy of reference. (see Figure 2.1.)</p>
<b>Production accounts</b>	<p>The <i>production account</i> records the activity of producing goods and services as defines within the System (see SNA 1993 para. 1.6.).</p> <p><i>The production account</i> shows output as resources and intermediate consumption as uses; the balancing item is value added. (see SNA 1993 para. 2.109.)</p>
<b>Social transfers in kind</b>	<p>Social transfers in kind consist of social security and social assistance benefits in kind together with goods and services provided to individual household outside any social insurance scheme by non-market producers owned by government units or non-profit institutions (NPIS) (SNA 1993 para. 3.41.).</p>
<b>Total tourism internal demand</b>	<p><i>Total tourism internal demand</i>, is the sum of internal tourism consumption, tourism gross fixed capital formation and tourism collective consumption (see para. 4.114.). It does not include outbound tourism consumption.</p>
<b>Tourism consumption</b>	<p>Tourism consumption has the same formal definition as tourism expenditure. Nevertheless, the concept of tourism consumption used in the TSA goes beyond that of tourism expenditure. Actually, besides “the amount paid for the acquisition of consumption goods and services, as well as valuables for own use or to give away, for and during tourism trips” that corresponds to monetary transactions (the focus of tourism expenditure), it also includes services associated with vacation accommodation on own account, tourism social transfers in kind, and other imputed consumption. These transactions need to be estimated using sources different from information collected directly from the visitors such as reports on home exchanges, estimations of rents associated to vacation homes, calculations of FISIM, etc. (see para. 2.25.)</p>
<b>Tourism direct gross domestic product (TDGDP)</b>	<p><i>Tourism direct gross domestic product</i> is the sum of the part of gross value added (at basic prices) generated by all industries in response to internal tourism consumption plus the amount of net taxes on products and imports included within the value of this expenditure at purchasers’ prices (see para 4.96.)</p>
<b>Tourism direct gross value added (TGVA)</b>	<p><i>Tourism direct gross value added</i> is the part of gross value added generated by tourism industries and other industries of the economy that serve directly visitors in response to internal tourism consumption (see para. 4.88.)</p>

<b>Tourism ratio</b>	For each variable of supply in the TSA, the <i>tourism ratio</i> is the ratio between the total value of tourism share and total value of the corresponding variable in the TSA expressed in percentage form (see para. 4.56.)
<b>Tourism share</b>	<i>Tourism share</i> is the share of the corresponding fraction of internal tourism consumption to each component of supply (see para. 4.51.). For each industry, the <i>tourism share</i> of output (in value), is the sum of the tourism share corresponding to each product component of its output (see para. 4.55.).
<b>Tourism single-purpose consumer durable goods</b>	<i>Tourism single-purpose consumer durables</i> is a specific category of consumer durable goods that include durable goods that are used exclusively, or almost exclusively by individuals while on tourism trips (see para. 2.41. and Annex 5)
<b>TSA aggregates</b>	The compilation of the following aggregates, which represent a set of relevant indicators of the size of tourism in an economy is recommended: <ul style="list-style-type: none"> <li>• Internal tourism expenditure;</li> <li>• Internal tourism consumption;</li> <li>• Gross value added of the tourism industries (GVATI);</li> <li>• Tourism direct gross value added (TDGVA);</li> <li>• Tourism direct gross domestic product (TDGDP)</li> </ul> (see para. 4.81.)