

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

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FOREWORD

(It will be further updated to include mention to the cooperative effort of the Inter-agency Coordination Group on Tourism Statistics – IACG on TS)

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 Cooperation 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), and a permanent follow-up of the process by the chief statisticians of the participating agencies.

The fundamental structure of the tourism satellite account is based on the general balance existing within an economy between the demand for products generated by tourism and their supply by the tourism industries and other industries. The idea behind the construction 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 *Recommendations* provide an updated framework for constructing a tourism satellite account and more generally 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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(It will be further updated to mention the cooperative effort of the Inter-agency Coordination Group on Tourism Statistics – IACG on TS – underlining the role of chief statisticians and technicians of the participating agencies)

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

Since the end of the 1970s, France had been using the term “satellite accounts” as a way of designating those accounting practices in specific domains of interest that cannot be completely separated in the System of National Accounts but nonetheless could be considered as “satellite sub-systems” of that System because of their conceptual proximity and the sharing of structural data. Within this perspective, France developed operative plans for the quantification of tourism.

In 1982, the World Tourism Organization (UNWTO) entrusted José Quevedo (Spain), at that time responsible of Spain’s national accounts team, with the preparation of a document illustrating how tourism could be described following the recommendations on national accounts existing at that time, the System of National Accounts, 1968. The document submitted at the fifth session of 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 with other sectors of the economy. This document is still considered as a basic reference for most UNWTO activities in working towards the international harmonization of concepts and statistics on tourism and their link with the rest of the Statistical System.

The Tourism Committee of the Organisation for Economic Cooperation and Development (OECD) also worked on the advance recognition of the scope, nature and role of tourism in the OECD economies. In the development of its Manual on Tourism Economic Accounts (TEA) in 1991, OECD examined several of the thornier problems related to the measurement of tourism.

Special mention should be made of the presentation by Statistics Canada during the International Conference on Travel and Tourism Statistics, held jointly with UNWTO in Ottawa in 1991 of a scheme to establish a credible and comparable means for assessing tourism economic importance in relation with other industries in a domestic economy, and to develop a framework for relating other relevant data regarding tourism activities 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.

List of abbreviations and acronyms

BOP	Balance of payments
BPM6	Balance of Payments and International Investment Position Manual, Sixth edition (BPM6), Draft - September 2007
COFOG	Classification of the Functions of Government
COICOP	Classification of Individual Consumption by Purpose
CPC, Ver. 2	Central Product Classification, Version 2
EG on IESC	Expert Group on International Economic and Social Classifications
Eurostat	Statistical Office of the European Communities
FISIM	Financial Intermediation Services Indirectly Measured
GDP	Gross Domestic Product
GVATI	Gross Value Added of the Tourism Industries
IACG on TS	Inter Agency Coordination Group on Tourism Statistics
ILO	International Labour Organization
IMF	International Monetary Fund
IRTS 2008	2008 International Recommendations on Tourism Statistics
ISIC, Rev.4	International Standard Industrial Classification of all Economic Activities, Revision 4
NIE	Non included elsewhere
NPISH	Non-profit institutions serving households
OECD	Organisation for Economic Cooperation and Development
SNA 1993	System of National Accounts, 1993
SNA 1993 Rev.1	System of National Accounts, 1993 rev. 1
STS	System of Tourism Statistics
SUT	Supply and Use Table of the 1993 SNA
TDGVA	Tourism direct gross value added
TDGDP	Tourism direct gross domestic product
TI	Tourism industries
TSA	Tourism satellite account
TSA: RMF 2000	2000 Tourism Satellite Account: Recommended Methodological Framework
UNSC	United Nations Statistical Commission

UNSD

United Nations Statistics Division

UNWTO

World Tourism Organization

VAT

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 implication 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 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 effects of tourism have fostered the interest in measuring its economic contribution, mostly in the places visited, and in evaluating 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, culminating in the development of the TSA conceptual framework (2000 Tourism Satellite Account (TSA): Recommended Methodological Framework –TSA:RMF 2000–), the latest in date being the 2008 International Recommendations for Tourism Statistics (IRTS 2008), that are complemented by the present *Recommendations*.
- 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 same day visitor-or excursionist- (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 their 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 earlier 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 the international level.
- 1.6. In order to progress in the analysis of tourism in 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 framework.
- 1.7. The SNA 1993¹ is made 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 Table (SUT).
- 1.9. On the other hand, what makes tourism special is the temporary situation in which the consumer 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 there. This differentiates him/her 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 rules².
- 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.

- 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 a series of consistent variables that more accurately represent the economic contribution of tourism and its links to 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 an improved national System 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 importance 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 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 modelizations are needed ([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 expenditure 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 articulate them into analytical tables so as to provide elements for validly compare estimates derived from those tables between regions, countries or groups of countries, and at the same time, make these estimates 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, for the time being, 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. These updated *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, 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 tourism statistics international recommendations (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*³. 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)⁴, OECD examined several of the thornier problems 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 1991⁵ 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, developing 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 to examine the feasibility of applying the principles of satellite accounting to tourism, which was part of the work of the Canadian National Task Force on Tourism Data (1984-1986). 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 (TSA): 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 developed by 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 Statistics⁶ that comprised (a) the recommendations on tourism statistics⁷ proposed by the UNWTO as a follow-up to the Ottawa Conference, and (b) the Standard International Classification of Tourism Activities (SICTA)⁸, 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: Both of them had being previously adopted by the UN Statistical Commission at its twenty-seventh session⁹.
- 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) developed also programs and carried out studies on tourism statistics in member countries. It prepared a Community methodology¹⁰ 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,¹¹. 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 endorsed¹² the draft document, as amended, which constitutes the content of the 2000 Tourism Satellite Account (TSA): Recommended Methodological Framework¹³ (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 this new tourism statistics international recommendation 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 was admitted as a member of the UN system, and as part of the Coordination Committee of Statistical Activities, liaised with the 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 of the 1993 *Recommendations on Tourism Statistics*, because the structural consistency with the other frameworks (principally the SNA 1993) compelled to refine the definitions that had been adopted in particular of 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:
- the clarification made of the differences between tourism expenditure and the more inclusive notion of tourism consumption;
 - the 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;
 - the progresses in the understanding of the relevance of tourism employment;
 - the increased understanding of the meaning and usefulness of the tables and of tourism aggregates.

- 1.43. The main differences that have occurred between the 2000 TSA-RMF and the present *Recommendations* 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 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 along the present *Recommendations*, references are made 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. Present 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 the present *Recommendations*.
- 1.46. Chapter 2, "The demand perspective: concepts and definitions", summarizes most of the concepts that have been introduced in IRTS 2008 (chapter 2 to 4), and introduces the concept of tourism consumption which extends that of tourism expenditure introduced 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 introduced.
- 1.47. In the present *Recommendations*, it is suggested that tourism consumption could be complemented by other components of demand, such as tourism collective consumption and tourism gross fixed capital formation, to form an extended demand aggregate called "Total tourism demand". As a consequence, the remaining paragraphs of chapter 2 specify the contents of the three components that make up total "tourism 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 some specific aspects that will be important when setting up the tables, in particular the case of services associated with vacation 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 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.
- 1.50. Chapter 4 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 used to characterize the size of tourism.
- 1.51. Various annexes complement the present *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 Tourism Collective Consumption;
 - Annex 6 introduces 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.

Notes:

¹ 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)

² See *ibid.*, chap. XXI

³ *Ibid.*, Sales No. 69.XVII.3

⁴ Paris, Organisation for Economic Cooperation and Development, 1991

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

⁶ United Nations publications, Sales No. E.94.XVII.6

⁷ *Ibid.*, Part One

⁸ *Ibid.*, Part Two

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

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

¹¹ “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.

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

¹³ 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 an economic impact 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 for less than a year outside his/her usual environment 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 (IRTS 2008 para. 3.17.). The TSA will be focusing on the economic dimension of tourism trips (IRTS 2008 para. 2.29.), mostly 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 focuses mainly on the consumption activity related to visitors but it is also interested in other types of transactions, such as gross fixed capital formation (see paras. [2.44.](#) to [2.60.](#)) and the consumption by different levels of government of tourism collective services, concepts that will be described later on (see paras. [2.61.](#) to [2.69.](#)).

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 activity that usually happens within the usual environment as for instance that of potential visitors in anticipation of trips (such as small items to take along to use or give away or purchases of camping luggage or

travel insurance, or travel agency services), as well as the acquisition of some goods at any moment in time because of their almost exclusive use while traveling (see paras. [2.39.](#) to [2.43.](#) the specific case of tourism single purpose consumer durables).

A.1. Usual environment

- 2.6. The concept of usual environment 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 is fundamental to the definition of tourism and differs from that of residence, as used in the SNA 1993 and the Balance of Payments Manual¹ 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 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 defines 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 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.

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 **same-day visitor** (or **excursionist**) otherwise. (IRTS 2008 para. 2.13.).
- 2.13. Most same-day visitors are usually 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 helps to determine whether it 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. youths backpacking). Nevertheless, if the main purpose is to be employed and earn an income, then the trip cannot be a tourism trip and he/she is 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 (and this is much better) using cross-classification of 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 modes 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. Basic tourism statistics use the concept of *tourism expenditure* to associate the value of goods and services to the activities of visitors. IRTS (IRTS 2008 para. 4.2.) defines it as follows: “Tourism expenditure 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”.

- 2.22. In addition to the monetary expenditure on consumption goods and services paid directly by the visitors, tourism expenditure includes in particular (IRTS 2008 para. 4.5.):
- Monetary expenditure on consumption goods and services paid for directly by the employer for employees on business travel or by any third party;
 - 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 subsidised 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 and the IRTS explicitly mentions most of them (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. 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, tourist social transfers in kind, other imputed consumption and tourism single purpose consumer durables purchased outside the context of a trip or for a trip.
- 2.26. More precisely, beyond acquisitions already included in tourism expenditure, it includes:
- 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.);
- 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 ownership);
- The value of Financial Intermediation Services Indirectly Measured (FISIM)² included in the interests paid by visitors on tourism expenditure;
- 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 (tickets directly provided, hotel bills directly paid, etc.) ([see para. 2.32.](#));
- The net cost, 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 subsidized transportation, cost of accommodation in vacation centers, etc.
- 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.);
- The value of tourism single purpose consumer durables purchased by households including those acquired outside the context of a trip (see paras. [2.39.](#) to [2.43.](#)).

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 gross direct value added and tourism direct gross domestic product.

2.28. For the purpose of the present *Recommendations* the following characteristics of tourism consumption need to be highlighted:

- As already mentioned, by contrast with tourism expenditure, tourism consumption does not restrict 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 that are described as social transfers in kind according to the SNA 1993;

- 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));
- 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, it 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 ownership such as timeshare, fractionals, etc., are to be excluded from tourism consumption but will be part of tourism gross fixed capital formation ([see para. 2.48.](#));
- Tourism consumption happens when the ownership of the good is transferred or when the service is provided to and consumed by the purchaser. 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, as well as of goods of small unit value intended to be used on the trip or brought along to give away (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. Additionally, tourism single purpose

consumer durables acquired outside the context of a trip or for a trip are to be included in tourism consumption without restriction on their value or the time of purchase ([see para. 2.42.](#)).

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 transactor involved, can be defined and related to the different forms of tourism (IRTS 2008 paras. 2.39. and 2.40.)

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

B.3. Special issues

- 2.31. Several issues require particular attention on 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 explained in Annex 4 “The treatment of goods and retail trade activities”.

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 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, or allocating a lump sum to the employee on travel to cover these additional costs, or a combination of both. In some cases, in particular for transportation and accommodation expenditures, the SNA 1993 considers them as part of the intermediate consumption of the producing unit that pays for them. As a consequence, this consumption does not fall within the SNA concept of household final/actual consumption expenditure although in tourism statistics, it is part of tourism consumption as it is considered as a payment for an expenditure associated directly to the 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 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, having in mind for instance the comparisons of costs of transportation services on own account with the use of public transportation or of rented vehicles, and for that purpose, may be interested in imputing a value to such services, are reminded to do it in such a way that allows for the alternative of including or excluding these values for international comparability. It is also important to be careful with such imputations when establishing the share of tourism in GDP ([see para. 4.115.](#)) 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. Usually, when 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 been recorded (when feasible) as part of tourism consumption (expenditure for the benefit of a visitor) and a counterpart, as a transfer in kind 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 are 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 of its property and that is 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 used in the period of reference for a tourism purpose 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”³. 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 included in tourism consumption, even when the purchase occurs before a trip or outside the context of any trip, which is not the case of 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 goods is provided in Annex 4. 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, no tourism activity is possible on a relevant scale where 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. Nevertheless, the identification of produced fixed assets whose acquisition or production is driven by the needs of visitors presents both conceptual and practical difficulties. In fact, the needs of visitors are similar to those of other consumers though relative importance of their components might be different. Major exceptions to this include short term accommodation, access to sites of specific interest for visitors or the amenities for practicing activities that usually suppose being outside one's usual environment (e.g. water or mountain related activities).

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* participate 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 railways passenger coaches, cruise ships, sight seeing buses, hotels installations, convention centers, marinas, ski lifts, etc.. Vacation homes are also included in this category although in that case, their use might often be easily modified from secondary to principal dwelling of a household (IRTS 2008 para. 2.27.).

2.48. Such assets might have been acquired from others by the producers using them, or might have been produced on own account. Major renovations or enlargements of such assets that modify their expected service life and increase the performance or capacity of those assets are also part of this category (SNA 1993 para. 6.162.).

2.49. Annex 3 provides a broad classification of such assets that is consistent with the classification of tangible produced fixed assets used in the SNA 1993.

2.50. *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 provider of services to visitors that belongs to the tourism industries ([see para. 3.11.](#)). This category includes for instance hotel or travel agencies 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 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.

- 2.51. *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 nor the unique objective of the investment either.
- 2.52. An additional reason to the difficulty in identifying these types of assets is that though they are needed within the production process of particular tourism services they are not necessarily economically 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.
- 2.53. 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.
- 2.54. 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), 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 in 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 eventually visited by visitors) because in its absence, tourism would probably be of a lesser intensity.
- 2.55. 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.

- 2.56. Some tourism analyst would like to assign exclusively to tourism as a purpose the proportion of total investment of a country that will be actually used in the attention of visitors: in this endeavor, it would be necessary to be able to split the benefits or use of the assets over their lifetime between tourism use and non tourism use. This measurement would then be included within tourism gross fixed capital formation as well.
- 2.57. Because the actual tourism use of a given physical investment over its economic life can only be validly measured once this economic life is over, some researchers have intended to estimate global tourism gross fixed capital formation of a period (the flow of net additional fixed capital or net investment) as a function of the increase of the tourism activity of this given period, and then break it down according to the increase of tourism consumption by products and back to fixed assets related to this production.
- 2.58. Usually, however, the decision to invest will have been taken many periods ahead, and on the basis of expected trends of demand. The reality might or might not follow these estimated trends so that the link between increased capital (gross fixed capital formation) and increased output that can be established ex-post has to be based on assumed capacity utilization ratios in order to wipe out the effect of possible effects of excessive capacity. The estimation of these capacity utilization ratios would be as difficult as the direct estimation of the value of the assets themselves. As a consequence, these links cannot be used to establish the total estimated value of gross fixed capital formation.
- 2.59. Finally, it must be observed that tourism gross fixed capital formation of the compiling economy relates to produced fixed assets owned by resident producers, and excludes assets operated within the economic territory owned 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 often are not owned by residents.
- 2.60. 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 difficulties, the general concept of tourism gross fixed capital formation is considered within the broader concept of tourism demand.

D. Tourism collective consumption

- 2.61. 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.
- 2.62. Governments are typically expected to play several roles in tourism: to provide legislation and regulation regarding the way visitors should be received and served, and the rules that visitors must follow; to act for the general promotion of tourism to the country or to a specific region; to develop the instruments that make the evaluation of the tourism policies possible; to maintain order and security so that tourism may occur; to 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.
- 2.63. Governments are also expected to provide support through different types of incentives: direct provision of services, development funds to support specific tourism oriented investments, tax incentives 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.
- 2.64. 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 or current or capital transfers (offering resource *in quid pro quo*) or financing (dealing with financial assets and liabilities).
- 2.65. In a TSA perspective, and for the time being, the provision of individual services on a non-market basis benefiting visitors is already covered under tourism consumption by means of the social transfers in kind. Nevertheless, there is also interest in observing the production activity of government that corresponds to 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.

- 2.66. Because of the characteristics of such services, the SNA 1993 does not assign the value of collective non-market services to household consumption nor 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.
- 2.67. Collective non-market services also include government expenditures that benefit both households and enterprises and even expenditures that only benefit enterprises as much as households. The former correspond to services whose benefit can be monitored, and which for that reason, are also frequently provided on a market basis; the latter are services that genuinely benefit enterprises (SNA 1993 para 9.88. and 9.89.) but are provided on a non-market basis by governments. Services provided free of charge to enterprises have to be considered as part of collective consumption as the system does not consider the possibility of intermediate consumption by producers of non-market output, although they are not necessarily such by nature. In the case of tourism, promotion and marketing realized by the National Tourism Authority is a good example of these categories of services that benefit mostly businesses and could be provided either on a market or on a non-market basis.
- 2.68. 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 4 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, it is recommended a specific measurement of tourism collective consumption. In addition, tourism collective consumption is considered within the broader concept of total tourism demand, although at present, this component has an experimental character due to the lack of experience in this field. As a consequence, for the time being international comparisons should not be based on the estimate of this aggregate.
- 2.69. As has already been observed, some of these services in particular those related to tourism promotion might be developed within a public-private partnership, in which the private sector provides all or part of the funds that are required. In that case, 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) that is considered as an intermediate consumption of the private sector. The total value of these services should also be recorded as a memorandum item.

Notes

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

² 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.).

³ 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 measured in a way that is consistent with other macroeconomic measurements?
- 3.2. In response to this increased interest, the *2008 International Recommendations on Tourism Statistics* present new important developments concerning the identification of products, (tourism characteristic and connected products and other consumption products), and tourism characteristic activities (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 productive activities and tourism industries and the collection of statistics on supply; the present *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 a more extended scope of tourism demand that includes not only tourism consumption, but also tourism collective consumption and gross fixed capital formation.
- 3.5. For this reason there is a need for the classification of products and productive activities required for tourism measurement and analysis. The classification refer 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 has been developed in IRTS 2008. Besides consumption products, it includes all other products that circulate in the economy if 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 in which the 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: include those products associated with tourism gross fixed capital formation and collective consumption.

A.2. Tourism characteristics activities

- 3.8. *Tourism characteristic activities* are the activities 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 outputs. Two products of similar characteristics but produced by two different ISIC industries would be classified in the same CPC category.
- 3.9. *Tourism characteristics 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 grouped in the 12 categories to be used in the TSA tables. Categories 1 to 10 comprise the core for international comparison, in terms of ISIC classes and CPC subclasses (IRTS Annex 3 and 4). The two other categories are country-specific with category 11

covering tourism characteristic goods and the corresponding retail trade activities and category 12 referring to tourism characteristic services and activities.

Figure 3.1. List of categories of tourism characteristic consumption products and tourism characteristic activities

Products	Activities
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 operation 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 non-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 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 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 in 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 which definition had been based on tourism expenditure. 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 relevant enough (This is category 1 (b) in 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 currently paid by 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 an increasing trend in 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 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.
- 3.20. The TSA is restricted, for the time being, 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 homogeneous, however they generate their income, the total amount paid by visitors for services purchased through them 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 earned) and;
 - the other corresponding to the value of the tourism services included (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 selling the tour.
- 3.23. This type of treatment will usually require some transformation of the basic statistical information coming 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 Recording reservation services separately.

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. Till recently, no special attempt had been made neither to isolate the phenomenon nor to estimate the revenues and costs associated with the activity of 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 attendants 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 qualify as a tourism industry: in fact, its characteristic output is not mostly consumed by visitors but by the conveners of conferences and conventions which are those that provide services to visitors coming to attend the 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 the activity of holding conferences and conventions has also spawned the need for the technical and support services that are used to set up and conduct a conference or convention.
- 3.29. It has become necessary to recognize and delineate a place for their activity in the international classifications of products and activities and 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. Nevertheless, 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 a set of 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 economic contribution of a productive activity is usually measured by its direct 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. Additionally, it is grossly independent of the institutional organization of the production processes. 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, 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 *Recommendations* adopt the gross measurement of value added.
- 3.34. Gross value added is a measurement that is related 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. Two alternative views of gross value added as it relates to tourism can be identified:
- Most simply, the gross value added of the tourism industries (GVATI) can be estimated as the sum of the gross value added of each tourism industry;
 - Alternatively, as the TSA establishes a direct link between the demand for goods and services by visitors (tourism consumption) and their supply by domestic producers, it is possible to establish, for each industry, the gross direct value added generated by the producers as part of their output is acquired by visitors or for their benefit. The sum of all these portions of direct value added generated by the industries (tourism industries as well as other industries) as they respond to tourism consumption is called the Tourism Direct Gross Value Added (TDGVA). The process for undertaking this 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 level of qualification and they might be located in areas with little if any industrial development and concentration of productive activities. There are thus many expectations surrounding the effect of the development of tourism on employment and incomes.
- 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, full-time equivalent employment and total hours worked (SNA 1993, paras. 17.4. to 17.18.) related to a year and/or shorter periods of time. 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 7 “OECD Employment Module”](#)).

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 . These *Recommendations* suggest 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 which make up the tourism satellite account are derived from and related to the supply and use tables of the SNA 1993. 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 between economies.
- 4.2. The tables that are presented here are aggregate tables and are aiming at promoting homogeneity among countries: in these tables, visitors are broken down into only 2 classes, and products and industries are presented in aggregated categories. Individual countries should compile these tables by aggregation of much more detailed tables, in which, for instance, visitors are 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 10). This is the minimal set of tables required to speak of a system of satellite accounts since accounts that concentrate solely on tourism consumption (tables 1 to 4) or solely on the supply by tourism industries and other industries (table 5) do not qualify as tourism satellite accounts. At a minimum, the TSA must include a detailed presentation of supply and consumption, in terms of goods and services acquired by visitors and of the industries that produce them, as well as an overall confrontation of their corresponding aggregates, 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 cannot be understood and analyzed separately from the flows of visitors, and other 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 and National Statistical Offices, but also the overcoming of 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 taking into account 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 those will often tend to report their expenditure from a cash 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 *Recommendations*. Consequently, for the purposes of international comparison it is important that the methods of valuation and time of recording are understood by TSA compilers and are reported when disseminating data or methodology, and the departure from the standard concepts and methods are clearly noted.

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) into the tourism orientation embodied in the TSA, but also a basic set of direct data-collection procedures regarding tourism data.

4.13. This process consists of:

- (a) The extraction of detailed data referring to tourism-related products and tourism industries from the databases used for the elaboration of SUT or the supplementation of the existing data if the detail that is available 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 sold through this procedure, 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 these service providers. Annex 3 will present in details 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. These are a component of tourism consumption when the balance between supply and use of products is concerned, and a cost of production of industries when establishing tourism direct gross value added of the industries serving visitors and tourism direct gross domestic product. This represents a difference in presentation with the SNA 1993 approach, as the latter requires a unique classification of transactions in the whole system.

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 [3.13.](#) and The classification of tourism products ([see para. 3.7.](#)) and tourism characteristic activities –tourism industries- ([see para. 3.10.](#)) needs 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 goods and services that are part of tourism consumption as well as valuables (see paras. [3.7.](#) and [3.10.](#)) as follows:

Figure 4.1. Classification of products in tables 1-4	
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

If possible and relevant, three additional breakdowns are 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, as margins only applies to goods –[see Annex 4](#)-);
- 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;
 - Other imputed consumption and
 - Tourism single purpose consumer durables purchased outside the context of a trip or for a trip ([see Annex 4](#)).

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 in relation with tourism, as well as the 12 categories of tourism industries

Figure 4.2. Classification of products and tourism industries in tables 5 and 6	
Products	Tourism industries
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 goods and services that 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 services related to all type of vacation home ownership (1 (b) and the other activities within the general category of “accommodation for visitor”.

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, classification suggested for tables 8 and 9 are described in Annex 4.

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 will be detailed in [Annex 3](#).

A.4. The treatment of goods

4.21. Although services make up an important part of visitors' purchases, 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 while on trips are part of tourism consumption. Some goods purchased before a trip (IRTS 2008 para. 4.11.) or outside the context of a trip ([see para. 2.42.](#)) 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 Value Added Tax (VAT) or sales tax if those are 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 other 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 is in direct contact with the endline purchaser.
- 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 and will be taken into consideration in the compilation of the direct effects of tourism in an economy.
- 4.26. The implications of such decision 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 the present document. 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 are acquired through them ([see Annex 3](#)).
- 4.29. The first three tables, tables 1 to 3, focus on *categories of tourism expenditure* that should be observable from surveys addressed to visitors. Tourism expenditure is a basic variable of tourism statistics that derive 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) for the compilation of the direct economic contribution of tourism in the economy of reference.

- 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 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 understanding of these data.
- 4.31. Table 6 presents an overall reconciliation of internal tourism consumption with domestic supply, from which tourism direct gross value added (TDGVA) and tourism direct gross domestic product (TDGDP), that is, the GDP generated directly by internal tourism consumption can be derived. 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 misused.
- 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 and can be left aside in a first stage.
- 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 monetary 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 generated following the 2008 IRTS guidelines.
- 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 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 from services separately (as explained in para. 4.14.) 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 international trips that happens within the economy of reference. Expenditure of these two different sets of resident visitors should be shown separately as they refer to different universes of visitors.
- 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, and that is what appears in the first three columns of the table. 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, and that is what should figure in columns 4 to 6 under the heading "Acquisition from non-residents by visitors on domestic trips". The three last columns of the table add the two sets of data in order to establish a total.

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 ([see para. 2.22.](#)). As previously mentioned ([see para. 2.25.](#)) these other components might be included in four broad categories:

- (a) **services associated with vacation accommodation on own account (column (4.2)).** 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) (column (4.3)).** 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 (column (4.4)).** 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.)
- (d) **tourism single-purpose consumer durables purchased outside the context of a trip or for a trip (column (4.5))** (see paras. [2.37.](#) to [2.41.](#)).

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 (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 purchaser 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 following the principle of recording reservation services separately ([see Annex 3](#)).
- 4.46. Because of the application of the principle of recording reservation services separately, 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 are to be found 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 due to the application of the principle of recording reservation services separately 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 Table 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 lead to total supply at purchasers' prices (column 6.4); and
 - The third block is made of only two columns: internal tourism consumption (4.7) and tourism ratio (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, and it is what the first block is about. 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 a non-resident 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 ratios (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 contribution in the economy of reference.
- 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 absolute value and can be established in the following way:
- from direct information coming from producers and suppliers (information on their categories of customers and their 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 (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 tourism internal consumption that appears in the last block of rows.
- 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 now 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 be possible to modulate these ratios according to the relative importance of the different components of its output that is been 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 a series of 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 all factors of production could be directly assigned to particular outputs, 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 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, 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 by product is not directly observable, and has to be estimated through the information provided by industries that produce the products acquired by visitors.
- 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 a recommendation for international comparison.

- 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 an unresolved issue.
- 4.64. Some countries might find it appealing to apply to employment the same tourism shares as those used to estimate tourism direct gross value added. However, as in the case of gross value added, and even more intensively, the validity of the assumption of such a proportionality might be questioned.
- 4.65. That is why 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, 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 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.
- 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 4](#)) 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. 3.48. and 3.49.). 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.
- 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 products that are to be considered as tourism collective non-market services in terms of the corresponding CPC categories ([see Annex 4](#)).
- 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 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 have been used in some of 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 a secondary part 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 have an important advocating usefulness because they provide eye catching indicators of the contribution of tourism to an economy.
- 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 paras. [1.18.](#) and [2.31.](#)), should not forget that the conceptual compatibility of the aggregates will be affected.
- 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. Thus it might be relevant to generate and use tourism specific price indices in order to take into account that tourism consumption and resident household domestic consumption 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. Internal tourism expenditure and internal tourism consumption (recorded in Table 4) characterize globally the amount of acquisition 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 the acquisition by or for the benefit of visitors (tourism expenditure and tourism consumption) should not be expressed as a **share** 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 industries which outputs have been acquired by visitors or by others for their benefit.
- 4.87. Although gross value added of tourism industries is an indicator often used to measure tourism's economic contribution, 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 more reduced 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 temporal condition of the consumer, there is a larger gap between the output of tourism industries (supply) and internal tourism consumption (demand) than for any other economic phenomenon functionally defined, such as health or education. As an indicator, both of demand and supply, gross value added of the tourism industries might therefore distort the tourism direct gross value added (TDGVA) actually attributable to internal tourism expenditure or consumption in the country of reference.

(b) *Tourism direct gross value added*

- 4.88. Since, through special calculations, a gross value added can be associated with the value of part of the output of a productive unit, tourism direct gross value added (TDGVA) can be defined as 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.
- 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, employment, income, etc.. It is total internal tourism consumption that has to be taken into consideration when compiling tourism direct gross value added.
- 4.90. Tourism direct gross value added includes the proportion 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 their benefit.

- 4.91. Comparing this measurement with gross value added of the tourism industries, 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 would include the part of gross value added generated by meals served in restaurants to visitors, it would exclude the gross value added corresponding to meals served by these same restaurants to locals. It would also exclude the 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. Tourism direct gross value added also includes the gross value added associated with the output of other industries as long as this output is part of 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; it is short of measuring the total direct contribution of tourism as it excludes the other components of tourism demand ([see B.2.4. Total tourism demand](#)).
- 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 generated by 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. Consequently, tourism direct gross domestic product (TDGDP) derives from internal tourism consumption.

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 (GDVATI)	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 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. Three 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 economic contribution of tourism in a country 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 the economy of reference. However, they do not refer to tourism as

an industry comparable to other industries in SNA 1993. 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;

- 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 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 attributed to a lack of experience in defining operative solutions for the estimation of corresponding data by national statistical offices.
- 4.101. Total tourism 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.

B.2.1. Tourism employment

- 4.102. As a factor of production, labor can be associated with the total output of an establishment, but cannot be assigned to any particular output without the use of specific assumptions and modeling procedures. For this reason, 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.
- 4.103. The OECD Employment Module ([see Annex 7](#)) 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 – 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 (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, and for the time being 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 harmonious 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 orders certain 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 for the time being will not be used for international comparisons.

B.2.4. Total tourism 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 those expenditure related to business visitors and others which expenditure are covered by producers.
- 4.114. In the present *Recommendations*, an additional aggregate is suggested, "total tourism demand", which consists of the sum of internal tourism consumption, tourism gross fixed capital formation and tourism collective consumption. However, the definition and measurement problems associated with tourism gross fixed capital formation and tourism collective consumption are by extension equally relevant for total tourism demand, so a precise definition of total tourism 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.

TABLE 1

Inbound tourism expenditure by products and classes of visitors

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

X does not apply

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

(**) Corresponds to the gross service charge of the travel agencies, tour operators and other reservation services and value of other services provided

(a) 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	Resident visitors on a domestic trip			Resident visitors on an international trip			Total domestic tourism expenditure		
	Tourists (2.1)	Same-day visitors (2.2)	Total visitors (2.3) = (2.1) + (2.2)	Tourists (2.4)	Same-day visitors (2.5)	Total visitors (2.6) = (2.4) + (2.5)	Tourists (2.7) = (2.1) + 2.4)	Same-day visitors (2.8) = (2.2) + (2.5)	Total visitors (2.9) = (2.3) + (2.6)
A. Consumption products									
A.1 Tourism characteristic products									
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 (*)									
A.2 Tourism connected products (*) (a)									
A.3 Non tourism related consumption products (*) (a)									
B.1 Valuables									
TOTAL DOMESTIC TOURISM EXPENDITURE									

X does not apply

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

(**) Corresponds to the gross service charge of the travel agencies, tour operators and other reservation services and value of other services provided

(a) 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	Tourism expenditure of outbound visitors in other economies		Acquisition from non residents by visitors on domestic trips		Total outbound tourism expenditure		
	Tourists (3.1)	Same-day visitors (3.2)	Tourists (3.4)	Same-day visitors (3.5)	Tourists (3.7)=(3.1) +(3.4)	Same-day visitors (3.8)=(3.2) + (3.5)	Total visitors (3.9)=(3.7) + (3.8)
A. Consumption products							
A.1 Tourism characteristic products							
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 (*)							
A.2 Tourism connected products (*) (a)							
A.3 Non tourism related consumption products (*) (a)							
B.1 Valuables							
TOTAL OUTBOUND TOURISM EXPENDITURE							

X does not apply

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

(**) Corresponds to the gross service charge of the travel agencies, tour operators and other reservation services and value of other services provided

(a) 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 (b)	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)		
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) A.3 Non tourism related consumption products (*) (a)				X	
B.1 Valuables					
TOTAL INTERNAL TOURISM CONSUMPTION					

X does not apply

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

(**) Corresponds to the gross service charge of the travel agencies, tour operators and other reservation services and value of other

(a) Goods and services should be separately identified, if possible (see para. 4.15.)

(b) The four main components 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											TOTAL output of domestic producers (at basic prices)					
	1 - Accommodation for visitors	1 - a. accommodation for visitors except in 1-b	1 - b. accommodation 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 tourism industries	TOTAL other industries
A. Consumption products																	
A.1 Tourism characteristic products																	
1 - Accommodation services for visitors (*)			X	X													
1.a - Accommodation services for visitors other than 1.b (*)																	
1.b - Accommodation services associated with all types of vacation home ownership (*)			X	X													
2 - Food and beverage serving services (*)				X													
3 - Railway passenger transport services (*)					X												
4 - Road passenger transport services (*)						X											
5 - Water passenger transport services (*)							X										
6 - Air passenger transport services (*)								X									
7 - Transport equipment rental services (*)									X								
8 - Travel agencies and other reservation services (**)										X							
9 - Cultural services (*)											X						
10 - Sports and recreational services (*)												X					
11 - Country-specific tourism characteristic goods (*)													X				
12 - Country-specific tourism characteristic services (*)														X			
A.2 Tourism connected products (*) (a)																	
A.3 Non tourism related consumption products (*) (a)																	
B. Non consumption products																	
B.1 Valuables																	
B.2 Other non consumption products (***) (a)																	
I. TOTAL OUTPUT (at basic prices)																	
II. TOTAL INTERMEDIATE CONSUMPTION (at purchasers price) (b)																	
(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

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

(**) Corresponds to the gross service charge of the travel agencies, tour operators and other reservation services and value of other services provided

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

(a) Goods and services should be separately identified, if possible (see para. 4.15.)

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

TABLE 6

Total domestic supply and internal tourism consumption (at purchasers prices)

Products	TOURISM INDUSTRIES										Total output of domestic producers (at basic prices)	imports* output (n value) (6.1)	Taxes less subsidies on products nationally produced and imported output (n value) (6.2)	Trade and transport margins output (n value) (6.3)	Total domestic supply (at purchasers' prices) $(5.15) + (6.1) + (6.2) + (6.3)$	Internal tourism consumption	Tourism ratios (%) $(6.5) = (4.7) \times 100 / (6.4)$		
	1 - Accommodation for visitors	1 - a. accommodation for visitors except in 1-b		1 - b. accommodation associated with all types of vacation home ownership		...	12 - Country specific tourism industries		TOTAL tourism industries									TOTAL other industries	
	output (n value) (5.1a)	tourism share (n value)	output (n value)	tourism share (n value)	output (n value)	tourism share (n value)	output (n value)	tourism share (n value)	output (n value)	tourism share (n value)								output (n value)	tourism share (n value)
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)																			
A.3 Non tourism related consumption products (*) (a)																			
B. Non consumption products																			
B.1 Valuables																			
B.2 Other non consumption products (***) (a)																			
I. TOTAL OUTPUT (at basic prices)																			
II. TOTAL INTERMEDIATE CONSUMPTION (at purchasers' price) (b)																			
(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 is net of the gross service charges paid to travel agencies, tour operators and other reservation services

(**) Corresponds to the gross service charge of the travel agencies, tour operators and other reservation services and value of other services provided

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

(a) Goods and services should be separately identified, if possible (see para. 4.15.)

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

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						Full-time equivalent by status in employment					
		employees			self employed			employees			self employed			employees			self employed		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	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																			
TOTAL																			

TABLE 8

Tourism gross fixed capital formation of tourism industries and other industries

Products	TOURISM INDUSTRIES											13 – TOTAL tourism industries	14 – TOTAL other industries	15 – Total tourism gross fixed capital formation				
	1 – Accommodation for visitors	1 – a. accommodation for visitors except in 1-b	1 – b. accommodation 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	
I. Tourism specific fixed assets 1. Accommodation for visitors 1.1. Hotels and other accommodation facilities for visitors 1.2. Vacation homes except innovative types of vacation ownership 1.3. Vacation homes under innovative types of vacation 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. Constructions for sport, recreation and entertainment 2.5 Other constructions 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. Improvements of land used for tourism purposes		(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)	
II. Other non tourism-specific produced assets II.1. Investment by the tourism industries in non tourism-specific fixed assets II.2. Tourism related infrastructure																		
(I+ II) TOTAL GROSS FIXED CAPITAL FORMATION																		
Memorandum item:																		
III. Other non-financial assets (*)																		

X does not apply

(*) See para. 4.86.

TABLE 9

Tourism collective consumption by products and levels of government

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

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	Same-day visitors	Tourists	Same-day visitors	Tourists	Same-day visitors
Number of trips or visits (*)						
Number of overnights		X		X		X

* for trips involving visits to the economy and outside, count the visits. Otherwise, use the trip as a unit.

c. Number of establishments and capacity by types of accommodation

	accommodation services in SIC 55		accommodation services in SIC 68	
	Hotels and similar	Others	vacation homes	other forms of vacation ownership
number of establishments				
capacity (rooms)				
capacity (beds)				
capacity utilization (rooms)				
capacity utilization (beds)				

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		
TOTAL		

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

d. Number of establishments in tourism industries classified according to average number of employed persons

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	>1000	TOTAL
Tourism industries										
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										
TOTAL ESTABLISHMENTS										

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: Tourism expenditure 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. Tourism consumption. 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, tourist social transfers in kind, other imputed consumption and tourism single purpose consumer durables purchased outside the context of a trip or for a trip
	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. Aggregates and Tourism supply	Three different indicators should be compiled: - Gross value added of the tourism industries - Tourism gross value added - Tourism gross domestic product	Three different indicators should be compiled: - Gross value added of the tourism industries - Tourism direct gross value added - Tourism direct gross domestic product
4. 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> .
5. 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)
6. 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).
7. Connected industries	Separately defined: country specific	Not defined (to be determined by each country)

Topics	TSA-RMF 2000	TSA-RMF 2008
8. Valuables	Excluded	Included when purchased on trips
9. Time sharing arrangements and other innovative types of vacation ownership	Not mentioned	Recognized
10. The Meetings Industry	Not mentioned	Recognized but considered as marginal, as their output is not mainly acquired by visitors
11. 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 Table in the SNA 1993 (a column included as element of the value of supply).
12. Outbound tourism consumption	Outbound tourism consumption only occurs as the visitors are outside the economic territory of the country of reference	Outbound tourism consumption might happen while visitors are taking domestic trips
13. 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 figures, by status in employment.
14. Table 8 "Tourism gross fixed capital formation"	Infrastructure mainly for tourism purposes is not included	Infrastructure mainly for tourism purposes is included when feasible; the product breakdown is reviewed.
15. 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.
16. Usefulness of the TSA for the measurement of tourism economic impacts	Ambiguity on the relationship between TSA and impact analysis	Clarification: regarding that the TSA does not measure economic impact but provides part of the basic information needed for such measurement

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 economic performance. 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 gross value added (GVA) of an economy and the GDP 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, a variable that was in high demand among National Tourism Administrations that needed an 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 displacement, 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 "business 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. For the purpose of the TSA, when considering the activity of visitors, these business 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 Account¹, 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, for the time being, only refers to transactions on goods and services, a unique solution for this restrictive scope has been proposed as follows:

- 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;

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

- 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 TSA-RMF 2000, the purchase of valuables while on trips had been excluded from tourism consumption, in order to preserve consistency with the SNA 1993 that excludes them from consumption. BPM5 included these expenditures by travelers in the travel item.

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 intends to recognize 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 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 underline that the TSA uses, as a characteristic aggregate of the size of tourism, a value that has the dimension of gross value added but 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 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.

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 (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 rest of tourism consumption services 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 (case A.b) is balanced by a decrease in exports of reservation services (consumed by non resident carriers), a decrease in inbound tourism consumption (case A.d) is balanced by a decrease in imports of reservation services (consumed by resident carriers), etc.

Two different situations are possible: 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, we might suppose 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 is 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 two methods lies in a different product breakdown.

- (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 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 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;

- (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) (but is part of domestic tourism consumption of country B) and the other is part of inbound tourism consumption of country A.

Other cases might be considered, but the type of analysis is always the same: it is necessary to determine unambiguously the country of residence of the visitor, of the reservation service provider and that of the rest of tourism consumption services provider

The findings are summarized in the following table that considers international transportation as an example of other tourism consumption services :

Summary presentation of the aggregated effects of extracting reservation services from the value of the services they sell

Country of residence of			Traditional recording for country A	Effect of extracting reservation services
the visitor	the provider of reservation services	the provider of service (e.g. international transportation)		
A	A	A	Domestic tourism consumption: total international transport	Domestic tourism consumption: different breakdown
A	B	B	Outbound tourism consumption: total international transport	Outbound tourism consumption: different product breakdown
A	A	B	Outbound tourism consumption (for country A): export of reservation services purchased by	Reservation services in Domestic tourism consumption: International transportation in

Country of residence of			Traditional recording for country A	Effect of extracting reservation services
the visitor	the provider of reservation services	the provider of service (e.g. international transportation)		
			international transportation	Outbound tourism consumption (value net of reservation services)
B	B	A	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	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, things are more complex than in the situation previously described, as not only the country of residence of the visitor, the travel agency and the end providers of the rest of 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.

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, in which the value of the services provided by the tour operator will be deducted.

Annex 4

The treatment of goods 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. 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 purchaser's prices of goods acquired by visitors is part of tourism consumption.

Tourism analysis initially focuses on measuring direct effects of tourism consumption 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 impact of tourism, which will be discussed in Annex 6. And it is only in this context that the production and other activities related to goods acquired by visitors or for their benefit that are not in direct contact with the endline acquirer 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, to the value of each good (that appears in rows in such table) from the supply perspective (at basic prices), it is necessary to add 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.

The TSA:RMF 2008 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, 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 as it represents the value of the output of the service provider in direct contact with the visitor.

For tourism characteristic goods, the total sum of these trade and transport margins is split between retail margins on the one hand and wholesale trade and transport margins on the other. The retail trade margins are mostly attributable to the industry identified as retailing tourism characteristic goods (industry 11) whereas the wholesale and transport margins are mostly attributable to other (non tourism) industries.

For the other goods, all the value of trade and transport margins pertains to other industries.

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 SUT.

The tourism share will be established only on the margins produced by the retail trade of tourism characteristic goods (industry 11) and other goods. 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.

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 considers the possibility of flexibility.

Countries with and without winter or 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, this list contains two different categories of tourism single-purpose consumer durables: those that are 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

Commodites	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	
Motor boats, outboard engines and trailers for boats	49490, 49229, 43110	Yes	
Other recreational and sporting equipment**:			
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 two categories:

- Tourism-specific fixed assets (including five subcategories)
- Other non tourism-specific produced assets (including investment by the tourism industries in non tourism-specific fixed assets and tourism related infrastructure)

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 except innovative types of vacation ownership
- 1.3. Vacation homes under innovative types of vacation 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. Constructions for sport, recreation and entertainment
- 2.5. Other constructions 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 except innovative types of vacation ownership* includes: all types of dwellings used as vacation homes.
- 1.3. *Vacation homes under innovative types of vacation ownership* includes all assets used for other types of vacation 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. *Constructions 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 constructions 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 83700 Market research and public opinion polling 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 91260 Police and fire protection services
 - CPC 92219 Other education and training
 - CPC 92920 Educational support services
 - Other

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 for their demand for goods and services, that need to be produced and provided. Because governments are responsible for the well-being of the population, they show a great 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 available through the TSA and relating to value added, employment, remuneration of employees, gross business income, government revenues, etc.: these are termed “direct impacts” of visitor spending.

In order to serve visitors, productive activities have to acquire 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 are 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 for the supply to visitors of the goods and services they wish to consume. 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 as productive activities buy from and sell to one another to enable the activities directly serving visitors to do so are called the *indirect effects* of visitor demand.

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

In addition, the increase of income distributed to the labor force and to the owners of productive capital as a result of the different production processes resulting from incremental visitor demand also generates increased demand on 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 indirect and induced effects are often combined and called the “secondary effects” of tourism demand.

As a consequence, *linkages* and *leakages* are two phenomena that need to be clearly identified in an economy, as their intensity will have 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 interrelationship between the different production processes in an economy. The Supply and Use Table 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 purchase 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. Other forms of impact might also be considered such as those linked to tax evasion or the damage inflicted to the environment by visitors (but this goes beyond the present analysis).

Leakages extend also to the second round of the production process and to the following ones, 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.. It also includes 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 the secondary economic impact 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.

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 also of a developed System of National Accounts as well. This system should incorporate not only a detailed supply and use table, but one where it is possible to identify the imported component of each of the cells representing inputs of all industries, and not only of tourism industries, and of internal tourism consumption. It would also be necessary to identify, within tourism gross fixed capital formation its imported components.

Once the import content of each intermediate consumption item has been identified, both of the activities catering to visitors and of the activities producing goods considered as tourism gross fixed capital formation, an analysis of the production processes of these activities would be required (which might extend beyond tourism characteristic activities) in order to estimate, within their imported inputs, how much could be attributed to tourism (a simplified assumption could be, as in the case of GDP or employment, to impute a share in the same proportion as consumption by visitors or tourism gross fixed capital formation within their supply).

B. Computable General Equilibrium Models

Although based on similar types of data, Computable General Equilibrium Models try to escape from the drawbacks that have been identified for Input-output models. Within this type 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, that is an optimization model, looks for 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, and 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 models should have a unique solution, given a vector of demand.

C. Multipliers

Both procedures are technically complex, and have enormous information needs. For this reason, countries trying to make quick estimations of the economic impacts of visitors tend to take short cuts.

In that line, analysts 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 impacts on a variable (e.g. labor compensation) to direct impacts 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 rather crude and simplifying assumptions hardly produces reliable 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 as well as supply. Consequently, additional demand is generated at the different territorial levels for tourism statistics that are reliable and suitable for the measurement of the corresponding economic impacts and decision-making by public and private actors, 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, and this will be conditioned by 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-concentration 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 impact of their activity and its main determinants and seasonal trends;

- the necessity of improving the allocation of resources in national and local economies, which can only be achieved by upgrading quantitative references and measuring 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 an N-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 presentation of a 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 macromagnitude 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 territorial level.

Only in the European System of Accounts (the ESA-95 is an adaptation of the NSA93) 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;
- 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 (an accounting structure and/or a specific national aggregate is “regionalized” for each and every region), whereas the second (*regional*) is known as the “bottom-up” approach (an identical set of accounts and/or aggregates should produce results equivalent to national ones, although it will obviously be necessary to make adjustments to bring them into line with each other).

Annex 8

OECD employment module

Introduction

The OECD employment module presents a conceptual and methodological framework with a set of key employment variables. 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 1993 Recommendations on Tourism Statistics, the 1999 OECD guidelines on tourism satellite accounts and the present 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 gender, 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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