

Annex VI. The *Manual, IRTS 2008* and the Tourism Satellite Account Recommended Methodological Framework

1. The present annex briefly outlines the nature and purpose of the tourism satellite account, as referred to in the publication *Tourism Satellite Account: Recommended Methodological Framework 2008*^a (TSA-RMF 2008), which has been jointly developed by Eurostat, OECD, the United Nations and the World Tourism Organization and describes the relationship between the travel component of EBOPS as defined in the present *Manual* and the concept of international tourism expenditure as included in TSA. It also discusses breakdowns of tourism expenditure and their potential relevance to trade agreements. In the context of the present *Manual*, the tourism satellite account provides an alternative potential source of data that might be used to partly estimate a more detailed breakdown of travel as defined in chapter III of the *Manual*.

Tourism statistics and the tourism satellite account: an overview

2. The present section, which draws from the introduction to the 2008 International Recommendations for Tourism Statistics (IRTS 2008) and the TSA-RMF, provides a brief overview of the nature and purpose of tourism statistics and of a tourism satellite account, which is broader in scope than any necessarily aggregate measurement of international tourism expenditure that may be derived from the balance of payments or from the present *Manual*.

3. Statistical information on the nature, progress and consequences of tourism has often been based on arrivals and overnight stay statistics as well as other balance of payments data that do not fully capture the whole economic phenomenon of tourism. Consequently, Governments, businesses and citizens may not receive the most accurate information necessary for effective public policies and efficient business operations. In general the information on the role tourism plays in national economies throughout the world tends to be deficient, and more credible data concerning the scale and significance of tourism are needed.

4. In the past, the description of tourism focused on the characteristics of visitors, the conditions in which they travelled and stayed, the purpose of visit etc. Now, there is an increasing awareness of the role that tourism is playing and can play, directly, indirectly or through induced effects, in the economy in terms of generation of value added, employment, personal income and government income. That awareness has led to the development of techniques for measuring tourism's economic importance. Those developments have now been pulled together in the internationally comparable framework of TSA.

5. The 2008 SNA provides concepts, definitions, classifications, accounting rules, accounts and tables to present a comprehensive, integrated framework for the estimation of production, consumption, capital investment, income, stocks, flows of financial and non-financial capital, and other related economic variables. Within that framework, a detailed analysis of a specific type of demand such as that related to tourism can be presented in an interface with the supply of these goods and services within an economy.

6. TSA focuses on the concept of *visitor* and on measuring his or her demand for goods and services. However, *visitor* expenditure is not restricted to a set of predefined goods and services produced by a predefined set of industries. What makes tourism special is not so much what is acquired but the temporary situation in which the consumer finds him- or herself: the visitor is taking a trip to or visiting a place outside his/her usual environment for less than a year and for a purpose other than being employed by a resident entity there. This differentiates a visitor from the other categories of consumers. These specific characteristics of the visitor cannot be made explicit within the central framework of national accounts, where the transactors are classified according to (relatively) permanent characteristics, one of them being the country or place of residence.

7. In order to deal with such situations, the 2008 SNA^b suggests the use of satellite accounts, annexed to its the core and which to an extent to be defined in each case,

^a United Nations publication, Sales No. E.01.XVII.9.

^b Update reference[See 2008 SNA, chap. XXXX.]

shares its basic concepts, definitions, classifications and accounting rules.

8. As a consequence, the setting up of the Tourism Satellite Account consists in analysing in detail all 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 Supply and Use Table (SUT) of the 2008 SNA as a reference.

9. A complete tourism satellite account for a country will provide:

(a) Macroeconomic aggregates to describe the size and the economic contribution of tourism, such as tourism direct gross value added (TDGVA) and tourism direct gross domestic product (TDGDP), consistent with similar aggregates for the total economy and for other productive economic activities and functional areas of interest;

(b) Detailed data on tourism consumption and a description of how this demand is met by domestic supply and imports, integrated within tables derived from general supply and use tables of the national accounts, that can be compiled at both current and constant prices;

(c) Detailed production accounts of the tourism industries, including data on employment, linkages with other productive economic activities and gross fixed capital formation;

(d) Basic information that might be needed for the development of models of the economic impact of tourism (at the national and supranational levels), for the preparation, for example, of tourism market-oriented analysis;

(e) A link between economic data and other non-monetary information on tourism, such as number of trips (or visits), duration of the stay, purpose of trip modes of transport, etc., which are required to specify the characteristics of the economic variables.

10. A TSA should be seen from two different perspectives:

(a) As a statistical tool that complements those concepts, definitions, aggregates, and classifications already presented in the IRTS 2008 and articulates them into analytical tables. Those tables provide elements, which will allow for valid comparisons of estimates

between regions, countries or groups of countries. These elements are also comparable with other internationally recognized macroeconomic aggregates and compilations;

(b) As the framework to guide countries in the 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.

Relationship between travel in EBOPS and tourism in TSA

11. In the present *Manual* (and in BPM6), the *travel* component covers on the credit side, goods and services for own use or to give away acquired from an economy by non-residents during visits to that economy, and on the debit side, goods and services for own use or to give away acquired from other economies by residents during visits to other economies. Other transactions in goods and services related to these visits are included in *transportation, passenger services*. Travel covers stays of any length provided there is no change of residence. The residence of households is determined according to the center of predominant economic interest of its members which is determined by the economic territory in which household members maintain a dwelling or succession of dwellings treated and used by members of the household as their principal dwelling. Being present for one year or more in a territory or intending to do so is sufficient to qualify as having a principal dwelling there. Nevertheless, this one-year guideline does not apply to students or to patients receiving health care abroad, who, except for some exceptional cases, remain resident in the territory in which they were resident prior to studying or being treated abroad even if the length of stay in another economy is greater than one year.

12. The EBOPS components of *transportation, passenger services* include international transportation services provided by resident transport operators to non-resident travellers and those provided by non-resident transport operators to resident travellers, as well as transportation services provided to travellers within the economies they are visiting, where such services are provided by carriers non-resident in those economies.

13. Tourism statistics identify *tourism* as “the activities of travellers taking trips to a main destination outside their usual environment for less than one year for any main purpose (business, leisure and other personal) other than to be employed by a resident entity in the place

visited”, where *usual environment* is defined as the geographical area (though not necessarily a contiguous one) within which an individual conducts his/her regular life routines. Such a traveller is called a visitor. Visitors are further classified in two ways:

(a) Either according to length of stay as *tourists*, who stay for at least one night in the place visited, or *same-day visitors*, who visit a place for less than one day;

(b) Or according to the country visited as *international visitors*, whose country of residence is different from the country visited, or *domestic visitors*, whose country of residence is the country visited.

14. In terms of the present *Manual* and for comparisons of concepts and measurements, the focus is on international visitors. Military personnel on active duty and diplomats and their entourages are excluded from visitors and their consumption is excluded for international tourism consumption in the same way as does the present *Manual*. Individuals whose expenditure is included in this *Manual* but excluded from tourism statistics are the following:

(a) BPM6 and the present *Manual* regard students and medical patients as residents of their home economies, even when they are situated in another country for one year or more. Tourism statistics by contrast consider that in the case they are situated in another country for one year or more, they are then within their usual environment, and thus are no longer to be viewed as visitors;

(b) Tourism statistics exclude from the definition of visitors all individuals who move to another economy primarily for the purpose of being employed by a resident entity in the place visited and thus does not include their expenditure in tourism expenditure. On the other hand, the present *Manual* includes in *travel* goods and services acquired by non-residents in the economies in which they undertake productive activity, whose primary purpose of travel is for business irrespective of the residence of the employer and thus includes that of self-employed nonresidents; seasonal, border, and other short-term workers who are not resident in the economy in which they are employed and whose employer is resident in that economy. However, EBOPS component [xxx], *expenditure by seasonal, border and other short-term workers*, separately identifies that expenditure.

15. The present *Manual* excludes migrants from its definition of travellers and Tourism Statistics similarly exclude migrants from its definition of visitors.

However, following the “one year guideline”, refugees may be either travellers or migrants (discussed in further detail in chap. III of the *Manual*), whereas Tourism Statistics exclude refugees in all cases as they are considered to be in their usual environment.

Tourism characteristic products and EBOPS components

16. An information need of trade negotiators and trade policy makers concerns the identification and quantification of product breakdowns of trade in services. TSA identifies a product breakdown of visitor expenditure in terms of a list of twelve groupings of tourism characteristic products produced by a set of tourism industries, designed to ensure the international comparability of TSA data and other non-tourism characteristic products that visitors may also acquire. For the most part, in the present *Manual* those products are included indistinguishably in EBOPS component xxx *travel*.

17. However, as an alternative breakdown of *travel* in this *Manual* a subset of the tourism characteristic products (e.g. those relating to the purchase by visitors of accommodation and the serving of prepared food and beverages), which together comprise a substantial proportion of visitor consumption, are identified in EBOPS. If compilers of statistics on international trade in services are able to identify travel expenditure by product that would be of assistance to compilers of tourism statistics. [*Comment this paragraph needs aligning with the BPM6 and revised EBOPS*]

18. All of the tourism characteristic products that are identified in TSA are linked to CPC, Version 2.0 and may be identified in the present *Manual*, although in some cases the relationships are only partial.^c For example, the tourism characteristic product relating to passenger transport is partly described by EBOPS components [xxx, xxx, and xxx] relating to passenger transportation (see Chapter III of the *Manual* for the definition of *transportation, passenger services*).

19. If statistics compiled on trade in services are to be used for compiling the tourism satellite account, or vice versa, adjustments will be needed for these differences in coverage. However, the data sources used for compiling balance of payments statistics are also likely to be relevant for compiling the tourism satellite account.

^c See annex II of the *Manual* and annex II of *Tourism Satellite Account: Recommended Methodological Framework*.