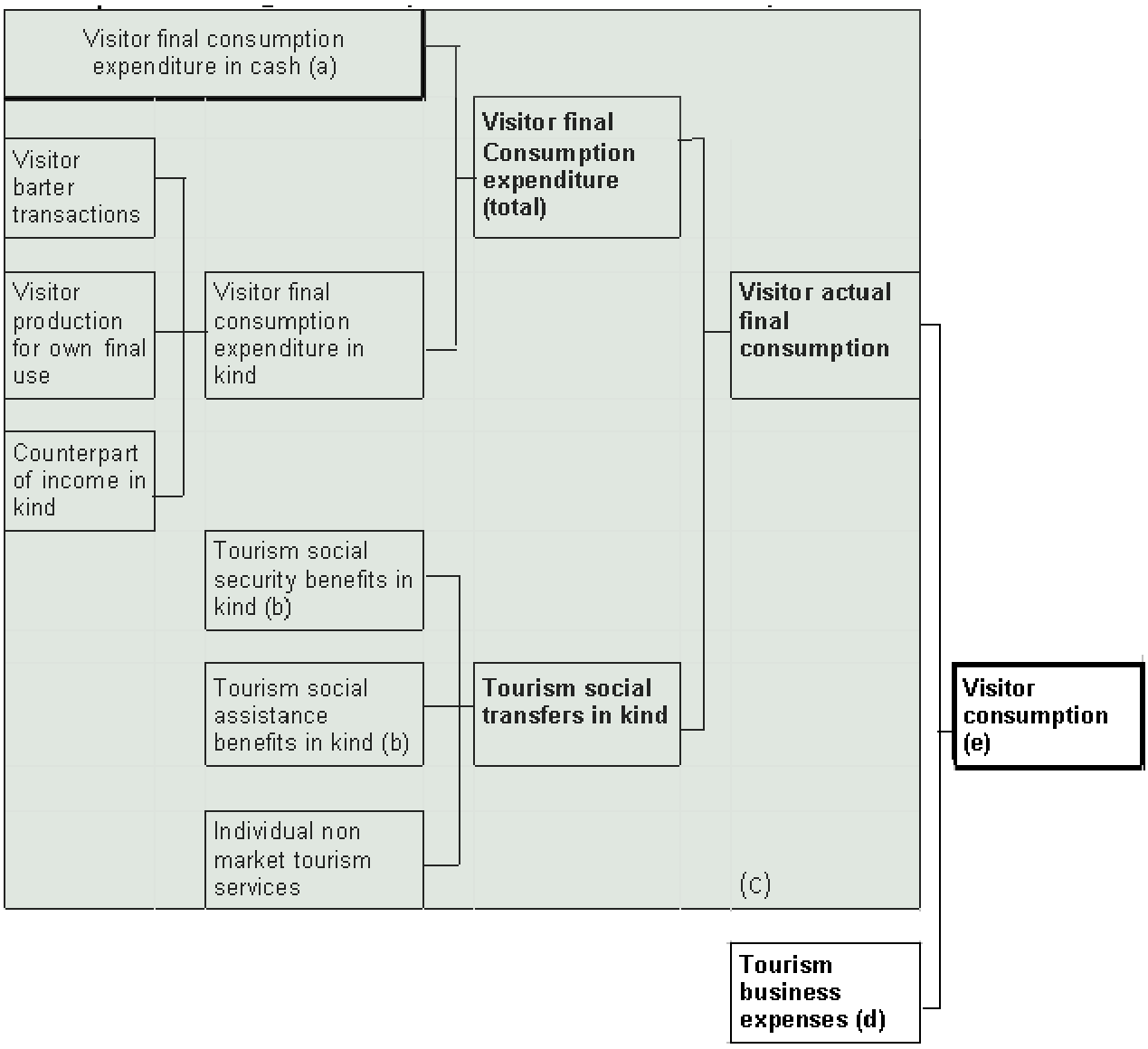
Appendix 1

Components of visitor consumption



(a) This always represents the most important component of total consumption of or on behalf of visitors. It covers what is usually meant by "visitor expenditure", but the 1993 SNA obliges the use of more precisely defined terms. The term "in cash" does not necessarily mean a disbursement of "cash" but refers to all visitor final consumption expenditure that is not in kind.

(b) The term "tourism" refers to transfers for tourism purposes addressed to potential visitors.

(c) The area in grey represents the part of total consumption of or on behalf of visitors that corresponds strictly to the transposition of the 1993 SNA concept of household actual final consumption to visitors (both residents and non-residents).

(d) Including expenditure on transport and accommodation of employees on business trips and expenditure made by business, government and NPISH on behalf of guests outside their usual environment.

(e) Visitor consumption refers to total consumption of or on behalf of visitors and could, consequently, also be termed as "visitor demand".

Appendix 2

Relationship between TSA, BOP and MSITS

The TSA identifies a set of services that it describes as Tourism Characteristic Products (TCP). There are 7 classes at the highest level of aggregation of this classification of products. Given the approach adopted by BOP and MSITS in their classifications of internationally traded services (BOP classification and EBOPS), internationally traded services are individually identified and those that are purchased by travellers are grouped in a category called travel. The only exception is for passenger transportation in which international passenger services provided by foreign carriers and purchased by travellers are included in Passenger Transportation and passenger transportation services purchased by travellers in the country visited are included in Travel. Thus except for part of passenger transportation services, all services named as Tourism Characteristic Products are to be found in Travel. In drawing up a direct correspondence between EBOPS and TCP therefore, it is necessary to begin by showing all Tourism Characteristic Products (except for part of passenger transportation) against Travel (EBOPS item 236).

However it is possible to go further. In MSITS with the exception of Accommodation within Travel, all EBOPS items except Travel, are related to the CPC. In the case of Travel MSITS states "EBOPS component 236 travel (and its constituent parts) cannot be fully described in terms of CPC version 1.0 since travellers may consume a wide range of goods and services..., however, the memorandum item 957. expenditure on accommodation and food and beverage services is described in terms of CPC in this correspondence". In fact, at the level of aggregation of EBOPS (other than for passenger transportation), it is possible to create equivalent classes, both for products directly exported and for those purchased by persons visiting the country, In theory, therefore it is not without merit to use groupings of products (and associated CPCs) equivalent to EBOPS categories, that would also contain products that could be purchased by visitors, to indicate the content of Travel. In the following table, all TCP's are first associated with the EBOPS item Travel. After that, using the association of the individual categories of TCP and EBOPS and their relationship with the CPC, it is demonstrated that the services content of Travel can also be shown in terms of the CPC. It is therefore not necessary for MSITS to state that only accommodation and food and beverage serving services can be defined in terms of the CPC. Though it remains true, that after explaining the content of Travel in terms of TCP there will be two residual items, goods and all other services purchased by visitors and other travellers, whose content cannot be itemized with the help of TCP, it should be possible for MSITS (and BOP) to expand the itemized content of Travel in terms of TCP and CPC.

The correspondence shown in the table below can also be related to the five-way breakdown of products mentioned in the main body of the paper.

Identification in the Manual on Statistics of International Trade in Services of Tourism Characteristic Products Related to International Trade

The following table is a synthesis of the correspondence between the 7 classes of Tourism Characteristic Products (the most aggregated level of the above-mentioned list) and the associated EBOPS-CPC correspondence. Eleven (11) correspond to Memorandum item 957 and the remaining fifty-seven (57) to different CPC v 1.0 codes .

Tourism Characteristic Products	**EBOPS components [Memorandum item 957] (CPC codes)**
1. Accommodation services	236. [Memorandum item 957] (63110, 63191, 63192, 63193, 63194, 63195, 63199*) 284 BOP code (only 72211*)
2. Food and beverage serving services	236 [Memorandum item 957] (63210, 63220, 63290, 63300)
	EBOPS components (CPC codes)
3. Passenger transport services	
(a) international passenger transport services by foreign carriers	207 (65111*, 65119*) 211 (66110*66120*) 213 (67710*) 220 (64111*) 224 (64213*, 64214*) 226 (67510*,) 228 (65211*,65219*)
(b)Other passenger transport services	236 (65111*, 65119* and 65130*) 236 (67610*,and 67690*) 236 (66110*, 66120*, and 66400*) 236 (67710* and 67790*) 236 (64111*) 236 (67400*) 236 (64213*, 64214*, 64219*, 64221*, 64222*and 64223*,) 236 (67510* and 67530*) 236 (65211*, 65219* and 65230*) 236 (67300*) 236 (73111*, 73114*, 73115* and 73116*)
4. Travel Agencies, Tour operators and Tourist guides	236 (67811, 67812, 67813 and 67820)
5. Cultural services	236 (96230, 96310, 96411, 96412, 96421 and 96422)
6. Recreation and other entertainment services	236 (96510, 96520*, 96590*, 96910* and 96920*)
7. Miscellaneous tourism service	236 (71311*) 236 (71320*, 71334* and 71339*) 236 (71100* and 71552) 236 (73240* and 73290*) 236 (85970) 236 (91131* and 91210*)
Goods and all other services purchased by visitors and all other travellers	236

* The associated tourism characteristic product corresponds only partly to the present CPC code.

Appendix 3

Revisions policy for official statistics *

* Extract from *"Revisions Policy for Official Statistics: A Matter of Governance"* (chapter IV), prepared by the IMF Statistics Department and presented at the Sixteenth Meeting of the IMF Committee on Balance of Payments Statistics, Washington D.C., December 1–5, 2003

BOPCOM-03/3

Sixteenth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington D.C., December 1–5, 2003

Introductory Note for the Discussion of "Revisions Policy for Official Statistics: A Matter of Governance"

Prepared by the Statistics Department
International Monetary Fund

IV. GOOD PRACTICES FOR REVISION POLICIES

44. This paper has argued that a sound revisions policy contributes inter alia to good governance in official statistics. Many countries have not yet set out a well-articulated revisions policy. In recent years, however, revisions policy is receiving more emphasis. For example, the *Quarterly National Accounts Manual*, Chapter XI)[15] provides a discussion of revisions policy. The Ecofin Council of the European Union, in February 2003, included a section on revisions in its "Code of Best Practices on the Compilation and Reporting of Data

[14] Six of the ten U.N. Fundamental Principles relate to various aspects of integrity of official statistics.

[15] Adriaan Bloem, Robert Dippelsman, and Nils Maehle, *Quarterly National Accounts Manual*, International Monetary Fund, Washington, D.C., 2001.

in the Context of the Excessive Deficit Procedure." As well, the IMF's Data Quality Assessment Framework includes a number of good revision practices.

45. This paper builds on recent efforts to define good revisions policy. Its purpose is to work toward outlining a more comprehensive and internationally accepted set of good practices that would together constitute a sound revisions policy generally applicable. The good practices described below were arrived at by combining general considerations identified in the discussion of user needs, resource issues, and maintenance of credibility in section III, with specific practices drawn from a selection of examples of practices in place in various countries. The country examples—from national accounts, prices, government finance statistics, monetary statistics, and balance of payments statistics—are included in three appendices. A comprehensive description of revisions policy in the United States for GDP is in Appendix I. Another comprehensive single-sector example appears in Appendix II, which outlines Australia's revisions policy for balance of payments statistics. Using the database of published ROSC reports, Appendix III presents short descriptions of certain aspects of revisions policies for a regionally diverse sample of countries.

46. Eight main revisions practices are identified in this paper. They are consistent with the general principles of good governance in statistics, such as they appear in the Fundamental Principles of Official Statistics and in the *Handbook on the Operation and Organization of a Statistical Agency*. In fact, the revision practices identified can be seen as making explicit the application of these principles about, for example, integrity, responsiveness to users' needs, and professionalism in the context of revisions.

1. Consultations with users elicit views about revisions practices

47. Preliminary to elaborating a country's revisions policy, it is important to consult the main users of official statistics to identify needs and priorities specific to the individual countries. Their views could be sought, for example, about their particular needs for timeliness of data, problems they experience because of revisions, and their priorities about balancing timeliness with accuracy and consistency.

2. A clear, short summary statement of when to expect revisions and why is readily accessible to users

48. Most revisions fall under a "revisions cycle." Cycles typically incorporate current (for example, quarterly) and annual revisions as defined in section II and less frequent comprehensive or benchmark revisions that usually relate more to the two "improvements" reasons listed in section II. A noteworthy example of a clear, short summary of revisions policy is the description for national accounts in the United States in Box 1 of Appendix I.

3. The current revision cycle is relatively stable from year to year

49. Current and annual revisions are done broadly to incorporate more complete or otherwise better source data. The following practices relate to the timing of current and annual revisions:

3.1 The revisions are timed to incorporate new source data

3.2 The revision schedule takes into account the timing for preparing important official economic policy documents

3.3 The revision schedule takes into account the timing of revisions in other datasets

50. Stability of the revision cycle from year to year is at the heart of good revisions policy. It is one of the few practices followed by all countries covered in Appendix III. Users place great importance on a revision schedule that is regular. Fortunately, for countries that decide to establish a revisions policy, it is not difficult to ensure that its timing is stable over time. Indeed, it is a logical outcome and one that promotes efficient implementation. The most common basis for stability is the timing of arrival of source data, which then triggers their incorporation into revised data.[16] Occasionally, a balance must be struck between maintaining the stability of the cycle and making unpredictable but important revisions outside the cycle. Coordinating timing with important official economic policy events can also be useful. For example, Italy times the release of national accounts to coincide with the annual presentations to their parliaments on the economic situation. It is also important to coordinate with other macroeconomic sectors to ensure consistency (see example of Australia in Appendix II coordinating revisions of balance of payments statistics with national accounts).

4. Major conceptual and methodological revisions are usually introduced every four to six years, balancing need for change and users' concerns

51. Major conceptual and methodological revisions relate mainly to the two "improvements" reasons for revisions outlined in section II—to incorporate new statistical methods and new concepts, definitions, and classifications—all super-imposed on changes in the structure of the economy. These revisions are typically more far-reaching and complex than current revisions, and can be disruptive and problematic for users if they occur too often

[16] For government finance statistics and monetary statistics, a common basis for revisions is the official audit of the data, which are conducted more on the basis of accounting principles than statistical methodology. In fact, it is not uncommon to find that the only revisions of government finance and monetary statistics occur as a result of the official audits (see Italy [34] example for government finance statistics in Appendix III). Data are usually considered "final" after the audits, which tends to make further revisions unlikely.

or take place in a confusing or unpredictable manner. A reasonable guideline for regular timing would be every four to six years. Timing such as this balances the need to avoid unnecessary disruptions to time series with the need to maintain the quality of statistics in line with international best practices and the changing institutions and structure of the economy. For example, see the description in Appendix I of the U.S. five-year cycle for major conceptual and methodological revisions for GDP and the descriptions in Appendix III of the four-or-more-year cycles in Italy [31], Norway [64], and Turkey [100] for national accounts revisions.

52. Although individual countries do not control the timing of major changes in international statistical methodologies (for example, the appearance of *1993 SNA* and the *BPM5*), a four-to-six-year cycle can generally accommodate these changes without undue delays and disruptions. Incidentally, it is also possible and can be helpful to users to coordinate the timing of methodological improvements with the current cycle of revisions timed for the arrival of better source data (see the U.S. example in Appendix I). Countries do have control, however, over the timing of methodological and classification changes that they undertake to reflect institutional and structural changes in their own economies. These kinds of changes can be accumulated, studied, and prepared for during the four-to-six-year intervals before they are finally published. The example of the United States in Appendix I is illustrative; the comprehensive revision of GDP in 1999 introduced improvements in definitions and classifications. The improvements included the recognition of business and government expenditures for software as fixed investment, the treatment of government employee retirement plans in the same way as private pension plans, and others reflecting institutional and structural changes in the economy.

53. Mongolia recently provided an example of a revision to reflect a change in methodology to come into line with international standards and to make corrections for previous years. The Chairman of the National Statistical Office and the Minister of Finance and Economy, in a Joint Resolution in November 2002, explained to the public in a clear and transparent manner a revision in GDP methodology. The previous methodology had not accounted for exceptional animal losses and resulted in significant misstatements of GDP, particularly in years of severe weather. An accompanying technical paper explained the reasons for changing the methodology and how the revision affected estimates of GDP in previous years.

5. Revisions are carried back several years to give consistent time series

54. To maintain the serviceability of data following major revisions, data should be revised back as far as is reasonable based on a balancing of user needs, costs, and availability of source data. The revised time series should be released simultaneously with the revised current data or soon thereafter, preferably in easily accessible electronic format. The revised series should be of sufficient detail and not so aggregated that users are not able to detect the sources of the changes. Clearly, some revisions are more difficult than others to revise backwards. Among these are data from surveys that have changed, data affected by legal constraints, and data constrained by accounting principles (for example, government finance

statistics). Lack of resources also constrains the extent of backward revisions, especially for poor countries. Various second-best approaches are possible, such as the U.S. practice described in Appendix I where GDP series are revised back to the last benchmark (usually five years) and further back for selected series that are particularly important. Estonia revised GDP back five years following a major revision, providing only annual data but offering to provide quarterly data on request.

6. Documentation on revisions is readily available to users

6.1 Preliminary (or provisional or estimated) data and revised data are identified as such

55. While this practice may seem obvious, it is not uncommon to find in many countries that preliminary and revised data are not clearly identified. This is especially likely in countries where revisions are not made according to a consistent or clearly stated revisions policy. It also occurs more often for government finance statistics and monetary statistics, where statistical principles may not be as much at the forefront as in national statistical offices. Serious confusion and misunderstandings by users could easily arise from neglect to identify changes in data. Examples of clearly identified status of data are provide in Appendix III for national accounts and balance of payments statistics (for example, Chile), for monetary statistics (for example, Estonia), and for government finance statistics (for example, South Africa).

6.2 Advance notice is given of major changes in concepts, definitions, and classification and in statistical methods

56. Users should be alerted in advance of major conceptual and methodological revisions to help them prepare for and understand better the reasons for and nature of the changes. The account in Appendix II of Australia's efforts to prepare users for revised balance of payments statistics according to *BPM5* is noteworthy. The statistical agency provided a description of the new standard and its benefits in advance, including illustrations of sample draft data tables to begin to acquaint users with the changes. Consultations with key users dealt with the implementation of the new standard, and a number of changes were made in the implementation strategy and schedule as a result. Various reports and discussion papers published in advance of the revision analyzed and described the effects on Australia's statistics. Other examples are the media conference called by Estonia to announce major upcoming revision in GDP (see Appendix III) and the preparations by the United States described in Appendix I to alert users to the next benchmark GDP revision.

6.3 The sources of revision are explained when the revised series are released

6.4 Breaks in series are documented when consistent series cannot be constructed

57. Complete and transparent documentation of revisions allows users to understand the sources of revisions and, if needed, adjust their analysis of the data. Perhaps even more importantly, complete documentation serves to promote trust in the credibility and integrity

of the data and the institutions responsible for compilation and dissemination. Key parts of the documentation are about the sources of the revisions, including the main flows of source data from the preliminary estimates to the revised data. It is also important that breaks in the series be clearly identified when consistent time series cannot be constructed. Documentation can be available to users in hard copy publications, websites, press releases, and dedicated seminars (for example, see Italy [32] in Appendix III). Box 2 in Appendix I provides an example of documentation for sources of revisions for the United States GDP, and Box 5 in Appendix II an example of explanation of revisions for Australia balance of payments statistics.

7. Users are reminded of the size of the likely revisions based on past history

58. It is particularly important for users who make decisions on the basis of preliminary estimates, such as policymakers and investors, to be able to make an informed judgment about the reliability and accuracy of the preliminary, provisional, or estimated data. How much confidence should they have in the first estimates? Accordingly, it is good practice for statistical agencies to conduct periodic analyses of revisions (or "revision studies") and to make them available to users. Today's IT environment makes such studies less demanding than in the past. The following two good practices for revision studies have been identified:

7.1 Periodic analyses of revisions investigate the sources of revision from earlier estimates and statistical measures of the revisions (for example, dispersion and bias)

7.2 The analyses are published for major aggregates to facilitate assessment of the reliability of the preliminary estimates

59. Measures of the direction and dispersion of revisions are the main topics of most revision studies. With respect to measures of the direction of revisions, if a study shows a systematic bias in the revisions, users can adjust appropriately their interpretation of the preliminary estimates. Alternatively, the discovery of bias by a study may lead to changes in procedures, and these can be announced with the study results. See the description in Appendix II of Australia's discovery of negative bias in the balance of payments current account first estimates, and their changes in procedures in collecting source data to correct this bias. Revision studies can also be used to fine tune the timing revisions within the cycle.

60. Measures of dispersion of the revisions provide users with an indication of the accuracy of the preliminary estimates and enable them to assess the likely size of future revisions. Box 3 in Appendix I provides an informative explanation and table provided to users on the historic size of revisions of GDP in the United States. This statistical analysis provided a range within which future revisions of GDP could be expected (that is, "the fourth-quarter change in real GDP, now estimated at 0.7 percent at an annual rate, is not likely to be revised below 0.1 percent or above 1.6 percent in the next two releases").

61. It is important to report to users not only the statistical analysis carried out in the revision studies, but also the basic data flows from the first estimates through all the

revisions. The main conclusions of the studies should be clearly stated. For example, a recent U.S. revision study concluded that GDP revisions have no "momentum." They are not biased in a way that could predict future revisions, and they are explained largely by new information/definitions (see Appendix I). Providing the basic data to users allows them to conduct their own studies of revisions if they wish. For example, Runkle (1998), in a study conducted four years earlier than the study mentioned above, found that some bias did exist in revisions of GDP in the United States.

8. When a mistake in reporting or processing is made, the revision is made in a transparent and timely manner

62. As the saying goes, "to err is human," and contrary to some jokes, statisticians are human. Many different types of mistakes occur in official statistics, from simple mathematical and recording errors to misclassifications and mistakes in coverage. The mistakes may be by the statistical agency, or by the reporters of source data. It is critical for the integrity of a country's statistical system that any errors are not only reported to users as soon as possible, but also explained in a way that gives assurance that the mistakes were not politically motivated. Explanations for mistakes are much easier when users are already well informed by complete metadata and related documentation on the compilation procedures and sources and flows of data used by the statistical agency. In such a transparent environment, it is just as likely that users will detect errors as the statistical agency, or will at least quickly understand the source of the error.

63. An example of reporting errors is provided in Box 5 of Appendix II. The Australian statisticians explain several errors in balance of payments statistics that they identified through improved data collection (expanded individual security reporting leading to detection of mistakes in classification) and analysis of data.

64. An example that received wider publicity was the recent announcement by the Philippine government that its balance of payments current account surplus had been significantly overstated for the past several years owing to an understatement of imports. An interagency task force, working with the IMF, identified these errors. Both the government and the IMF issued statements that the errors originated from the complex task of collecting and validating import data from a large number of companies following exchange liberalization that eliminated banking data as a source for imports. They also explained that the overall balance of payments, and both gross and net international reserves, were not affected, in order to provide a broader perspective of the economic significance of the correction. The clear and transparent explanations avoided an erosion in confidence and trust in the government that might have occurred if the errors had come to light in a less orderly and effective manner.

65. Appendix III mentions only one example that might be a practice regarding revisions resulting from mistakes. Norway [84], in a note to a press release, explained that a revision was caused by the identification of a missing major reporter. Closely related, however, are the practices noted for Estonia [27] and Ukraine [117] of conducting internal analyses of

errors made by reporting institutions. Identifying and correcting errors is the first important step, followed up by a transparent and timely report about the errors to users.

Appendix 4

European Union mirror statistics regarding the *travel* item and tourism flows

(pending)

Appendix 5

Case studies

The case of Japan

Revision of Compilation Methodology for Balance of Payments Statistics on Travel in Japan

July 14, 2003
Bank of Japan
International Department

Revision of Compilation Methodology for Balance of Payments Statistics on Travel in Japan

I. Introduction

The Ministry of Finance (MOF) and the Bank of Japan (BOJ) reviewed the methodology compiling balance of payments (BOP) statistics on travel in Japan mainly in order to enhance coverage on the consumption of foreign travelers. The new method reflects results of a newly conducted survey of visitors from abroad on the amount of yen brought into and taken out of Japan and so forth. We introduced the new methodology for final figures from the January-March quarter of 2003 and preliminary figures for May 2003. The background and details of the revision are explained in this paper.

II. Background of the Revision

The *Balance of Payments Manual* (fifth edition) reads, "travel covers primarily the goods and services acquired from an economy by travelers[1] during visits of less than one year in that economy"(Passenger fares are recorded under transportation). In other words, credit in Japan's travel equals the amount of money spent by visitors from abroad on goods and services in Japan. Due to the difficulty of collecting data directly from retailers, accommodation facilities, and other providers of goods and services, data used to compile travel credit was previously limited to the following: (1) cash transfers between travel agencies from inbound package tours <hereafter A>,[2] (2) turnover on credit cards during visitors' stays in Japan <hereafter B>[3], and (3) the amount of foreign currency visitors

[1] According to the *Manual*, a traveler is "an individual staying, for less than one year, in an economy of which he is not a resident" but, "the one-year rule does not apply to students and medical patients, who remain residents of their economies of origin even if the length of stay in another economy is one year or more", and "all the expenditures made by students and patients are recorded under travel". In Japan, however, the number of people staying in Japan for less than one year is not available. Moreover, spending of international students and medical patients from abroad are not fully available. As a result, Travel in Japan's BOP reflects expenditures of visitors staying in Japan and Japanese travelers going overseas for one year or less, both of which can be calculated from available statistics.

[2] In accordance with Article 55-1 of the Foreign Exchange and Foreign Trade Law, travel agencies submit reports on payments and receipts (using reporting forms number one to number four as specified by the ministerial ordinance on reporting of foreign exchange transactions, (hereafter ministerial ordinance)).

[3] Credit card companies submit reports on payments and receipts using reporting forms number one to number four mentioned in Footnote 2.

exchanged for yen in Japan <hereafter C>[4].

The amount of foreign currency exchanged for yen in Japan, or C from above, is used to compile the amount of cash spent by visitors from abroad. A significant amount of yen, however, seems to be spent, without exchange in Japan, by visitors from abroad because yen brought into Japan especially by visitors from Asia (a popular traveling destination for the Japanese) has been increasing. Yen withdrawn by visitors from cash dispensers (CDs) or automated teller machines (ATMs) situated in Japan also has not been reflected in the statistics. The previous method could not reflect yen brought into and withdrawn in Japan and, therefore, statistics do not reflect the actual amount spent by visitors from abroad. In 2002, consumption per visitor from abroad was 102 thousand yen, according to calculations using travel figures from Japan's BOP. On the other hand, consumption per Japanese traveler going overseas was double this amount at 204 thousand yen. The large gap between the two figures seems to show that they do not accurately describe the real state, especially considering (1) that the average stay for visitors from abroad and that for Japanese travelers going overseas are almost the same[5] and (2) that accommodation fees and other necessary traveling costs in Japan are relatively expensive compared to those in other countries.[6]

The conceptual framework of travel credit is shown in Chart 1 on the next page. To increase the accuracy of travel credit, previously compiled as A+B+C, X should be added. The components of X are (1) yen brought into Japan by visitors from abroad<D>, (2) yen withdrawn in Japan from CDs or ATMs<E>, (3) travel expenses paid through income gained in Japan<F>, and (4) yen not spent in Japan (yen exchanged for foreign currency in Japan<G> and yen taken out of Japan<H>) as a deduction amount. Using these data, X (D+E+F-G-H) is added to A+B+C.

Meanwhile, yen brought into Japan by visitors from abroad is considered either (1) brought and spent overseas by Japanese travelers or (2) taken back by visitors from abroad to their

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[4] Financial institutions submit reports through reporting forms number 29 (reports on sales/purchases of foreign currency and travelers' checks) and number 44 (reports on purchases of foreign currency and travelers' checks) as specified by ministerial ordinance.

[5] In 2001, the average length of stay for visitors from abroad was 8.5 days (Japan National Tourist Organization), and that for Japanese travelers going overseas was 8.7 days (Japan Tourism Marketing Institute).

[6] Prices in Tokyo are 1.15 times as expensive as those in New York and 1.67 times as expensive as those in Singapore, according to the *Report on International Price Differentials in Consumer Goods and Services* (the Ministry of Economy, Trade and Industry, 2002).

home countries.[7] Calculations of D (yen brought into Japan) should also improve the accuracy of travel debit[8]. The previous method only reflected yen inflow via financial institutions[9]. Of course, yen cash inflows via visitors from abroad should be reflected in travel debit. The new method makes it possible.

Chart 1: Conceptual Chart of Travel Credit

Items recorded using the previous method	A. Traveling expenditures paid via travel agencies	Expenditure
	B. Turnover on credit cards	
	C. Foreign currency exchanged for yen in Japan	
D. Yen brought into Japan (+)	X	
E. Yen withdrawn from CDs and ATMs in Japan (+)		
F. Travelling expenses in Japan paid through income gained in Japan (+)	G. Yen exchanged for foreign currency in Japan (-)	
	H. Yen taken out of Japan (-)	

[7] Financial institutions usually do not send yen banknotes and coins to foreign countries because of small demands for them overseas.

[8] Travel debit was estimated as the total of the following 4 items: (1) travel expenditures paid by Japanese travelers via travel agencies, (2) turnover on credit cards during Japanese travelers' overseas stays, (3) foreign currency and travelers' checks bought in Japan (excluding those taken back to Japan), and (4) yen that flowed into Japan via financial institutions.

[9] The amount of yen flowing into Japan via financial institutions is the total amount reported to the MOF via the BOJ through reporting form number 30 (reports on the repatriated amount of yen) as specified by the ministerial ordinance.

III. Survey Given to Visitors from Abroad

The BOJ planned a survey of visitors from abroad and conducted it in cooperation with the MOF in 2002[10]. The survey results provide data for D through H in Chart 1 and, thus, enabled the calculation of X in the same chart. As a result, we can compile travel data in BOP, both for credit and debit, more accurately.

Based on the survey results, consumption per visitor from abroad (travel credit) is estimated at 252 thousand yen as shown in Chart 2. Meanwhile, consumption per Japanese overseas traveler (travel debit) is estimated at 237 thousand yen.[11] It seems reasonable for the two figures to be around the same level, considering the average stays for both sides are almost the same length.

Chart 2: Spending Per Visitor from Abroad Compiled Using the Survey Results (Travel Credit)

		A + B + C =	¥101,843	Expenditure ¥252,094
D	¥156,714	X =	¥150,251	
E	¥11,604			
F	¥618	G	- ¥1,828	
		H	- ¥16,857	

X = D + E + F - G - H Expenditures = A + B + C + X,

where,
A = Travel expenditures paid via travel agencies
B = Turnover on credit cards
C = Foreign currency exchanged for yen in Japan

} Calculated based on travel credit in 2002

D = Yen brought into Japan
E = Yen withdrawn from CDs and ATMs in Japan
F = Travel expenses paid through income gained in Japan
G = Yen exchanged for foreign currency in Japan
H = Yen taken out of Japan

} Survey results (average per visitor)

[10] The Mizuho Research Institute, funded by the MOF, carried out the survey from November through December 2002. The Institute interviewed 8,539 visitors from abroad and received 8,279 valid responses. The survey included questions on attributes of the visitors and the amount of yen brought into Japan and so on.

[11] Specifically, it adds "D – H" in Chart 2 to the amount of spending estimated using the previous method. The calculations are explained in Chapter IV, Section B.

IV. Revision of Compilation Methodology

The following explains in detail the revisions in compiling travel credit and debit.

A. Travel Credit

Travel credit is the total amount compiled using the previous method (A+B+C in charts 1 and 2) and that calculated using formula 1 below.

Formula 1:

$$\underbrace{\boxed{\textbf{Average spending per visitor (D + E + F - G - H)}}}_{(1)} \times \underbrace{\boxed{\textbf{Number of visitors entering Japan and staying for one year or less (in relevant month)}}}_{(2)}$$

(1) Average spending per visitor comes from the survey results.

D = Yen brought into Japan
E = Yen withdrawn from CDs or ATMs in Japan
F = Travel expenses paid through income gained in Japan
G = Yen exchanged for foreign currency in Japan
H = Yen taken out of Japan

(2) Preliminary monthly figures for overall visitors entering Japan[12] are available when compiling preliminary BOP statistics, but those of visitors staying one year or less are not. Monthly figures of visitors staying one year or less are, thus, estimated using the ratio of the previous year's number of visitors staying one year or less to the previous year's number of overall visitors (see the formula below).[13]

$$\text{Number of } \textit{overall} \text{ visitors entering Japan (in relevant month; } \textit{preliminary}\text{)} \times \frac{\text{Number of visitors staying for one year or less (annual; previous year)}}{\text{Number of } \textit{overall} \text{ visitors entering Japan (annual; previous year)}}$$

[12] In principle, the Ministry of Justice (MOJ)'s monthly statistics are used to determine the number of travelers because they use a subcomponent of "short-term stay" (the number of visitors including those staying for one year or less). These figures, however, are not released when compiling preliminary BOP statistics. Therefore, preliminary monthly figures on the number of overall visitors entering Japan are based on estimates made by the Japan National Tourist Organization (JNTO). Specifically, JNTO figures are multiplied by the ratio of MOJ figures to JNTO figures for the same month a year ago to calculate preliminary figures for overall visitors entering Japan that month.

[13] See Footnote 1. The *Annual Report of Statistics on Legal Migrants* issued by the MOJ every June is the only source of data for the number of visitors from abroad staying one year or less. Monthly figures on such visitors are not available. Annual figures used to calculate travel credit and debit, the latter of which is mentioned in Chapter IV, Section B, are updated every year using the latest report.

Final BOP statistics are compiled using monthly figures for “short-term visitors” taken from the most current statistics compiled by the Ministry of Justice (MOJ). “Short-term visitors” in the MOJ statistics, however, includes visitors staying in Japan more than one year. Therefore, just as done above, these figures are multiplied by the ratio of the previous year’s total of those staying in Japan for one year or less to the previous year’s total of short-term visitors (see the formula below).

$$\text{Number of } \textit{short-term} \text{ visitors entering Japan (in relevant month; } \textit{final}\text{)} \times \frac{\text{Number of visitors staying one year or less (annual; previous year)}}{\text{Number of } \textit{short-term} \text{ visitors (annual; previous year)}}$$

B. Travel Debit

Travel debit is the total amount compiled using the previous method (see Footnote 8) and the amount calculated using formula 2 below on this page. First, total yen brought into and spent in Japan by visitors per year is calculated based on the survey results (the numerator enclosed in the curly braces in formula 2). This is then divided by the annual figure for Japanese travelers going overseas for one year or less. This yields the average spent in Japanese currency, which is not repatriated by financial institutions, but brought to Japan by visitors, per Japanese overseas traveler. Finally, this figure is multiplied by the number of Japanese travelers going overseas for one year or less in that month.

Formula 2:

$$\left\{ \frac{\textbf{Yen brought into and spent in Japan per visitor (D - H; <1>)} \times \textbf{Number of visitors staying one year or less (annual; previous year)}}{\textbf{Number of Japanese going overseas for one year or less (annual; previous year; <2>)}} \right\} \times \textbf{Number of Japanese going overseas for one year or less (in relevant month; <3>)}$$

<1>Average yen brought into and spent in Japan per visitor from abroad is labelled “D – H” in survey results.

D = Yen brought into Japan per visitor

H = Yen taken out of Japan per visitor

<2>Number of Japanese travelers returning from overseas after one year or less.

<3>Preliminary BOP statistics are compiled using monthly figures for Japanese travelers going overseas for one year or less, which is calculated by multiplying preliminary monthly figures of overall Japanese going abroad by the ratio of the previous year's Japanese travelers staying overseas for one year or less to the previous year's number of Japanese travelers reentering Japan (see the formula below). Final BOP statistics are compiled using final monthly figures for the number of overall Japanese going overseas.

$$\text{Number of overall Japanese going abroad (in relevant month; preliminary or final)} \times \frac{\text{Japanese staying overseas for one year or less (annual; previous year)}}{\text{Number of Japanese returning from overseas (annual; previous year)}}$$

D. Comparison of the Results using the Previous and New Methods

Chart 3 compares the previous and new methods of estimating travel. According to the chart, there is no major disparity between travel compiled using either method for both final figures from January-March 2003 and preliminary figures for May 2003. It should be noted, however, that gross totals for both credit and debit are significantly larger using the new method versus the previous one, because omitted expenditures, mainly with yen brought into Japan and its origin, are reflected.

Chart 3: Comparison of Compiled Travel Figures using the Previous and New Methods

100 million yen

	January-March 2003 (final)		
	Previous method (a)	New method (released figures; <b>)	(b)/(a)
Credit	956	2,442	2.6
Debit	7,710	8,924	1.2
Travel (credit – debit)	– 6,754	– 6,482	-

100 million yen

	May 2003 (preliminary)		
	Previous method (a)	New method (released figures; <b>)	(b)/(a)
Credit	283	644	2.3
Debit	1,666	1,875	1.1
Travel (credit – debit)	– 1,383	– 1,231	–

V. Conclusion

As explained above, data for travel credit and debit have become more accurate by incorporating new data such as yen brought into Japan by visitors. Plans for further improvement, however, should be pointed out. For example, yen brought into Japan per visitor as captured by the survey assumes a fixed value. The amount, however, may fluctuate in the long run depending on (1) visitors' incomes, (2) price levels in Japan, (3) foreign exchange rates, (4) prevalence of credit cards and so forth. In view of this, we plan to (1) conduct surveys on a regular basis and (2) verify and, if necessary, revise travel data. Moreover, studies will continue in order to establish a method for estimating travel that more accurately reflects consumption behavior of travelers, in order to refine BOP statistics.

The case of Sweden

Accommodation and border survey statistics in Sweden

(pending)

The case of France

- **Enquête sur les visiteurs de l'étranger "EVE"**

- **Compiling the travel expenditure of France's Balance of Payments***

* For this Appendix's purpose, only Chapter A "The new information system" is relevant.

Liberté • Égalité • Fraternité
RÉPUBLIQUE FRANÇAISE
ministère de l'Équipement
des Transports, du Logement
du Tourisme et de la Mer
FRANCE
secrétariat d'État au Tourisme

BANQUE DE FRANCE

L'Enquête auprès des Visiteurs venant de l'Etranger

EVE

La Direction du Tourisme du Secrétariat d'Etat au tourisme a mis en place, au fil des années, une enquête destinée à observer le comportement des visiteurs non-résidents en France.

Cette enquête était menée aux points de sortie du territoire, ce qui permettait d'interroger les non-résidents au moment où ils quittaient le territoire métropolitain : ports, aéroports, gares ferroviaires ou routières, shuttle, frontières routières et autoroutières. Cette opération de grande envergure, appelée Enquête aux frontières (EAF), a été réalisée en 1963, 1976, 1982, 1989, 1991, 1993-1994, 1996, enfin en 2000-2001.

Entre deux enquêtes aux frontières, la Direction du Tourisme estimait le nombre de touristes non-résidents à partir des informations issues des recettes de la ligne « voyages » et des résultats des enquêtes de fréquentation hôtelière.

Lors de la dernière enquête menée sur le terrain en 2001, des difficultés importantes sont apparues pour mener les vacations d'enquête aux points de sortie routiers et autoroutiers. En effet l'abolition des frontières physiques consécutive aux accords de Schengen conjuguée aux problèmes rencontrés pour obtenir l'aide des forces de l'ordre pour arrêter les véhicules (les missions de la gendarmerie, de la police de l'air et des frontières et de la douane n'englobent pas l'accompagnement des missions d'ordre statistique) ont eu pour conséquence l'absence totale de collecte en plusieurs lieux.

Par ailleurs, la mise en circulation de l'euro fiduciaire dans les douze pays membres de l'Union économique et monétaire en janvier 2002 a rendu caduc le système d'information dont disposait la Banque de France (Direction de la Balance des Paiements) pour élaborer le poste Recettes de la ligne « voyages » de la balance des paiements. Celui-ci reposait en effet, en partie, sur les échanges de devises. Une nouvelle source permettant de connaître l'ensemble des dépenses réalisées par les non-résidents sur le territoire français a été par conséquent nécessaire.

Étant donné leurs intérêts conjoints et leur besoin commun de données statistiques sur l'activité touristique, la Direction du Tourisme et la Direction de la Balance des Paiements se sont donc associées pour réaliser et financer une opération commune de grande envergure, dénommée ***l'Enquête auprès des Visiteurs de l'Etranger (EVE)***.

Les objectifs de l'enquête EVE sont à la fois nombreux et ambitieux, à la mesure des efforts et des moyens financiers qui sont déployés pour cette opération.

Cette enquête débutera en mars 2004 et sera réalisée par la société TNS - Sofrès. C'est une opération de très grande ampleur : plus de 130 000 questionnaires seront en effet recueillis chaque année auprès des non-résidents présents en France lors de leur départ de notre pays. Cette enquête est pérenne, c'est à dire qu'elle sera conduite chaque mois pendant une durée d'au moins trois années.

EVE en pratique

À partir du mois de mars 2004, des enquêteurs envoyés par TNS - Sofrès seront présents :

- dans les aéroports internationaux,
- dans les ports maritimes réalisant des liaisons internationales,
- dans la gare ferroviaire du shuttle,
- à bord des trains quittant la France,
- dans les gares routières.

Leur rôle sera double :

- d'une part, sur les avions, les bateaux, les trains et les autocars appartenant à l'échantillon, ils compteront et interrogeront les passagers afin de déterminer le pourcentage des non-résidents,
- d'autre part, ils distribueront des questionnaires aux passagers identifiés comme non-résidents.

Des enquêteurs seront également mobilisés sur certaines aires d'autoroute pour interroger les automobilistes et les passagers d'autocars de tourisme ainsi qu'à la frontière pour compter les véhicules sortants selon leur pavillon (pays d'immatriculation).

À quoi ça sert ?

L'enquête permettra notamment de savoir combien de visiteurs étrangers viennent en France chaque mois et de connaître leur mode de transport. Elle nous renseignera également sur les régions qu'ils visitent, sur le nombre de nuits qu'ils passent sur notre territoire, sur les modes d'hébergement qu'ils adoptent, sur la motivation (raisons personnelles ou professionnelles) de leur venue en France. Enfin, les dépenses indiquées sur les questionnaires nous permettront de déterminer quelle contribution ils apportent à l'économie française.

Ainsi, les données issues de cette opération seront utiles aux décideurs publics et, grâce à la richesse des informations recueillies, présenteront également beaucoup d'intérêt pour de nombreux acteurs économiques. Des retours d'information (analyse des résultats de l'enquête, ciblée sur les modes de transport) sont en particulier prévus à l'attention des aéroports, ports, gares routières, transporteurs ferroviaires et concessionnaires d'autoroute dont l'aide[1] est requise pour cette enquête.

[1] Référence notamment aux autorisations d'enquêter.

Et les autres pays ?

Les autres pays européens sont confrontés à la même difficulté que la France depuis la mise en circulation de l'euro en janvier 2002.

Cinq d'entre eux ont opté pour une solution similaire du type « enquête aux frontières ». Il s'agit de l'Espagne, du Portugal, de l'Italie, de l'Irlande et de la Grèce qui se caractérisent également par une grande attractivité en matière de tourisme (chacun d'entre eux figure au palmarès des 10 premiers récepteurs mondiaux en recettes touristiques).

Les autres pays, dont l'importance est moindre en termes de tourisme récepteur, ont choisi des solutions moins coûteuses et moins complexes à mettre en œuvre : estimation à partir d'une combinaison de sources, dont les données des autres pays.

Quelques ordres de grandeur sur le tourisme international en France :

- la France est le premier pays touristique au monde avec 77 millions de touristes[2] en 2002 (l'Espagne au second rang et les Etats-Unis, au troisième n'enregistrent respectivement que 51,8 et 41,9 millions de touristes en 2002),

- la France est le troisième pays au monde pour les recettes de voyages (dépenses réalisées en France par les non-résidents) avec 30 milliards de dollars en 2002 derrière les Etats-Unis (72,3 milliards) et l'Espagne (32,9 milliards),

- les principales clientèles étrangères en France en 2002 :

	Part des arrivées[3]	Part des nuitées	Part des recettes
Royaume-Uni + Irlande	19,4 %	18,6 %	15,0 %
Allemagne	18,6 %	18,6 %	11,5 %
Pays-Bas	16,4 %	13,9 %	5,6 %
Belgique – Luxembourg	11,0 %	10,9 %	9,1 %
Italie	10,2 %	9,1 %	7,9 %
Suisse	4,0 %	3,5 %	9,1 %
États-Unis	3,9 %	5,2 %	15,2 %
Espagne	3,9 %	3,4 %	4,1 %
Japon	0,9 %	0,8 %	2,6 %

[2] Un touriste est un visiteur qui passe au moins une nuit en France. Ainsi, un Allemand entrant en France le matin et repartant le soir même dans son pays est un excursionniste et n'est pas pris en compte dans les statistiques citées dans ce paragraphe. S'il passe une nuit en France et ne repart que le lendemain, c'est un touriste.

[3] Données comprenant les excursionnistes.

BANQUE DE FRANCE
DIRECTORATE GENERAL ECONOMICS AND INTERNATIONAL RELATIONS
Balance of Payments Directorate

September 2003

Compiling the travel expenditure of France's balance of payments and the specific case of the Internet Users Survey

The new information system developed to compile the expenditure item of the travel account of France's balance of payments has been ***operational*** since the reference month of April 2003. It has three components:

- Two surveys designed to gather information on spending abroad in the course of overnight trips, the first on trips made for personal purposes and the second on trips made for business purposes.
- An estimate of expenditure linked to day business trips (cross-border workers).

These three components have supplied data for the balance of payments since the reference month of April 2003. The results obtained are consistent with the expenditure levels recorded using the previous information system.

A preliminary analysis shows unequivocally that it is ***necessary to use an observation tool that takes account of travel for business purposes***. The balance would be incomplete without such a tool given that ***the expenditure arising from business trips represents over a quarter of total expenditure***. In addition, France's contribution to the euro area balance of payments would be underestimated because ***overnight business trips are made mostly in countries outside the euro area***.

The preliminary analysis also provides the following information:

- Overnight business trips represented ***12% of all overnight stays recorded in the second quarter of 2003***.
- Trips for personal purposes are often made in euro area countries.
- Almost two-thirds of business trips are made in countries outside the euro area.
- Overnight business trips make up a proportionally larger share of total overnight stays during periods in which there are fewer tourist visits.
- The average cost of overnight stays is extremely high for business trips, amounting to two to six times the cost for personal trips depending on the month and the destination (in or outside the euro area).

A. The new information system

The information system set up by the Banque de France for the compilation of the expenditure item is now complete and operational.

Two different surveys of residents returning from abroad are conducted simultaneously. The first survey, which monitors tourist demand, is known as the SDT (*Suivi de la Demande Touristique*) and focuses on trips undertaken for personal purposes. The second, called VEMP (*Voyages à l'Étranger pour Motifs Personnels*) deals with business trips. Both surveys are conducted by means of a panel.1

1 Panel members are usually recruited in the course of telephone interviews conducted at random according to a method of quotas. Interviewees agree, or not, as the case may be, to be members of the panel at the end of the interview. If they agree, their details and characteristics (social and occupational category, age, etc.) are taken down by the pollsters.

The collection methods used for both surveys (CATI 2 and CAWI 3) guarantee the quality of the data. Notably, all expenditure declared in a foreign currency is immediately converted into euro and the amount is submitted to survey respondents for their approval. Similarly, total expenditure is calculated in the course of the interview and the sum arrived at is submitted to respondents for their approval.

Each of these surveys gives rise to three different extrapolation methods:

- ***Provisional figures***: monthly extrapolation for only two geographical areas (extra 12 and intra 12).
- ***Semi-definitive figures***: quarterly extrapolation for 19 geographical areas (each of the 14 European Union Member States, Switzerland, the United States, Canada, Japan and the rest of the world).
- ***Final figures***: annual individual extrapolation for each country in the world.

This system nevertheless only makes it possible to identify expenditure incurred on trips abroad that last at least one night.4

A1. Trips made by residents for personal purposes:

Survey jointly conducted and funded by the Directorate of Tourism and the Banque de France.

Population surveyed: representative panel (*Métascope*) of French people aged 15 and above.

Interview methods: the 20,000 panellists that make up *Métascope* are interviewed at the start of every month via a questionnaire sent by post, which they send back. The questionnaire makes it possible to determine, *inter alia*, whether panellists have travelled abroad in the course of the past month. If they have, they are then interviewed over the telephone on the expenditure they incurred in the course of the trip.

Data collection method: self-administrated data collection for the first tranche of the survey (to select individuals who have travelled abroad). CATI collection for the expenditure tranche.

Deadline for remittance of survey results: relatively long because time needs to be allowed for the return of replies to the questionnaire on travel abroad (roughly five weeks following the end of the reference month).

- provisional results are delivered seven weeks after the end of the reference month,
- semi-definitive results are delivered two weeks after the results for the third month of the quarter are remitted,
- final results are delivered eight weeks after the results for December are remitted.

A2 Trips made by residents for business purposes (the Internet Users Survey):

Survey steered and funded solely by the Banque de France.

Population surveyed: panel of Internet users representing the social and occupational categories that are most likely to travel for business purposes (business managers, senior executives and professionals).

Interview methods: at the end of the reference month, Internet users receive an e-mail informing them that a questionnaire has been sent to them via the website of the polling company. The fieldwork lasts for as long as it takes to obtain 10,000 respondents to the filter question, which is whether or not users have travelled abroad in the course of the previous month. Travellers are then questioned on the nature of their trip and the expenditure they incurred. The number of respondents varies each month and is limited to a maximum of 500.

Data collection method: Data is collected solely by CAWI. This collection method is particularly well-suited to people who travel a great deal, who are rarely at home – and therefore difficult to get hold of – and who are heavy users of the Internet. Survey respondents may answer questionnaires at any time and from any location (including from abroad).

Deadline for remittance of survey results: Very short due to the data collection method.

- provisional results are delivered 32 days after the end of the reference month (within four to five weeks),
- semi-definitive results are delivered three days after the results for the third month of the quarter are remitted,

2 Computer Assisted Telephone Interviewing.

3 Computer Assisted Web Interviewing.

4 This is why an estimate is made of expenditure arising from day business trips (chiefly cross-border workers).

- final results are delivered ten days after the results for December are remitted.

B. the expenditure data of the travel account: first results

Business trips are made mainly outside the euro area

Residents of mainland France spent over 38 million nights abroad between April and June 2003. A small proportion of these overnight stays were for business purposes (an average of 12% over the period). This proportion nevertheless varies significantly from one month to the next, standing at 15% in April and even 23% in February 2003.

Almost two-thirds of overnight business trips were carried out outside the euro area, irrespective of the month under review. This geographical breakdown is however much less stable for personal trips: while trips in the euro area made up the majority of personal trips in the second quarter, they accounted for only a minority in February.

Overnight business trips are much more costly than personal trips

The expenditure incurred on trips abroad varies significantly depending on the month, the destination and, most importantly, the purpose of the trip. The cost of an overnight stay outside France came to EUR 155 in February, compared with less than EUR 120 in June. These average values mask sharp differences linked to the purpose of the trip. In February, for example, EUR 96 was the cost of a personal overnight trip as compared with EUR 352 for an overnight business trip. Lastly, personal overnight trips are systemically more costly inside than outside the euro area, whereas the opposite is true for business trips.

Table 1: Residents' overnight stays abroad broken down by purpose of trip

Thousands of overnight stays	February 2003	April 2003	May 203	June 2003
France – world	8,354	11,425	14,524	12,611
Personal purposes	6,422	9,750	13,000	11,246
Business purposes	1,932	1,676	1,524	1,365
France – extra 12	5,568	5,355	6,366	6,123
Personal purposes	4,228	4,141	5,338	5,257
Business purposes	1,341	1,241	1,028	866
France – intra 12	2,786	6,070	8,158	6,488
Personal purposes	2,194	5,609	7,662	5,990
Business purposes	592	461	496	498

Sources: SDT Survey (personal purposes)
VEMP Survey (business purposes)

Table 2: Average cost 1 of residents' overnight stays abroad broken down by purpose of trip

Value in EUR	February 2003	April 2003	May 2003	June 2003
France – world	155.2	131.4	126.9	118.8
Personal purposes	96.0	99.9	104.4	97.3
Business purposes	352.0	315.0	319.5	295.5
France – extra 12	141.7	108.4	105.3	97.6
Personal purposes	71.3	89.4	86.7	81.0
Business purposes	402.7	339.9	393.3	297.7
France – intra 12	162.0	157.6	154.6	141.2
Personal purposes	108.8	114.2	129.7	116.0
Business purposes	329.7	305.5	283.9	294.3

Sources: SDT Survey (personal purposes)
VEMP Survey (business purposes)