Tourism in the macroeconomic frameworks: use tourism aggregates in the System of National Accounts and in the Statistics of International Trade in Services

Developing National Systems of Tourism Statistics: Challenges and Good Practices
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Statistics of International Trade in Services Section
Outline

- Impact of tourism on the economy
- System of National Accounts (SNA)
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- Tourism and sustainability
Impact of tourism on the economy

Tourism is now one of the most significant activities in the world showing significant growth in the past decades. Tourism is seen for many countries as a major instrument for regional development as it stimulates new economic activities. Tourism may have a positive economic impact on the balance of payments, on GDP and on employment – however it may cause negative impact on other areas, like the environment.
Tourism statistics is designed for measuring tourism throughout the national economy. Tourism is one of the many socio-economic activities in a country and shall be looked and analyzed from a broader perspective.

The System of National Accounts (SNA) is the internationally agreed standard set of recommendations on how to compile measures of economic activity in accordance with strict accounting conventions based on economic principles.
The accounting framework of the SNA allows economic data to be compiled and presented in a format that is designed for purposes of economic analysis, decision-taking and policy-making. The accounts themselves present in a condensed way a lot of detailed information, organized according to economic principles and perceptions, about the functioning of an economy.
The accounts provide a comprehensive and detailed record of the complex economic activities taking place within an economy and of the interaction between the different economic agents, and groups of agents, that takes place on markets or elsewhere.
SNA provides information not only about economic activities taking place within a period but also about the levels of an economy’s assets and liabilities, and thus the wealth of its inhabitants, at particular points of time. SNA also includes an external account that displays the links between an economy and the rest of the world.
Tourism Satellite Accounts (TSA)

The System of National Accounts 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. Through tourism satellite accounts tourism statistics is linked to the mainstream of macro-economic analysis.
One of the major concerns in developing the Tourism Satellite Account was to provide information about the size of tourism, an aggregate that was in high demand among national tourism administrations.
A tourism satellite account was deemed relevant for several key reasons:

- As an instrument that recognized that tourism effects across many products and productive activities, facilitating a deeper understanding of tourism’s linkages to other economic areas;
- As a structural link to national accounts aggregates and their general estimation approach.
A tourism satellite account was deemed relevant for several key reasons (cont’d):

- A framework for comprehensive reconciliation of tourism data related mainly to supply by tourism industries and other industries and demand by visitors and other types of associated variables (characterization of visitors, tourism trips and employment in the tourism industries);
- As the unique framework through which one can properly compile tourism gross domestic product (GDP) in order to characterize the size of tourism;
- As a reference and milestone for future statistical developments and economic research on tourism.
The balance of payments focuses on the description of the economic relationship between residents and non-residents. It obviously includes transactions associated with international tourism that have been defined on the basis of a concept of residence that is similar to that used in the balance of payments and the System of National Accounts.
Bridge table between the ‘travel’ and ‘passenger international transport services’ item of BOP and inbound/outbound tourism expenditure

(source: IRTS 2008, pp. 72-73)
The increasing importance of tourism in the international trade in services is recognized. The updating work on the Manual on Statistics of International Trade in Services 2010 is being done in parallel with the update of the Balance of Payment Manual sixth edition.
The scope of statistics on international trade in services is determined by the scope of the services components of BPM6, which are:

- Manufacturing services on physical inputs owned by others
- Maintenance and repair services n.i.e.
- Transport
- Travel
- Construction
- Insurance and pension services
- Financial services
- Charges for the use of intellectual property n.i.e.
- Telecommunications, computer, and information services
- Other business services
- Personal, cultural, and recreational services
- Government goods and services n.i.e.
Statistics of international trade in services

Details of the services components has been refined to obtain more exact information on the services being traded. The service categories are described in the revised Extended Balance of Payments Services Classification (EBOPS 2010) which is completely consistent with BPM6 but provides for more detailed breakdowns in a number of areas.
3 Transport

Alternative 1: Mode of transport

3.1 Sea transport
   3.1.1 Passenger
   3.1.1.a Payable by border, seasonal, and other short-term workers
   3.1.2 Freight
   3.1.3 Other

3.2 Air transport
   3.2.1 Passenger
   3.2.1.a Payable by border, seasonal, and other short-term workers
   3.2.2 Freight
   3.2.3 Other

3.3 Other modes of transport
   3.3.1 Passenger
   3.3.1.a Payable by border, seasonal, and other short-term workers
   3.3.2 Freight
   3.3.3 Other

3.4 Postal and courier services

Extended classification of other modes of transport

3.5 Space transport
3.6 Rail transport
   3.6.1 Passenger
   3.6.2 Freight
   3.6.3 Other

3.7 Road transport
   3.7.1 Passenger
   3.7.2 Freight
   3.7.3 Other

3.8 Inland waterway transport
   3.8.1 Passenger
   3.8.2 Freight
   3.8.3 Other

3.9 Pipeline transport
3.10 Electricity transmission
3.11 Other supporting and auxiliary services
**Alternative 2: What is carried**

3a.1 Passenger
   - Of which: 3a.1.1 Payable by border, seasonal, and other short-term workers

3a.2 Freight

3a.3 Other
   - 3a.3.1 Postal and courier services
   - 3a.3.2 Other

**4 Travel**

4.1 Business
   - 4.1.1 Acquisition of goods and services by border, seasonal, and other short-term workers
   - 4.1.2 Other

4.2 Personal
   - 4.2.1 Health-related
   - 4.2.2 Education-related
   - 4.2.3 Other

**Alternative presentation for Travel (for both business and personal travel)**

4a.1 Goods

4a.2 Local transport services

4a.3 Accommodation services

4a.4 Food-serving services

4a.5 Other services
   - Of which:
     - 4a.5.1 Health services
     - 4a.5.2 Education services
The issue of tourism and sustainability is an increasingly important one and any measurement of tourism and its effect on an economy must take into account the social, economic and environmental impacts. Links with the latter component should be a high priority.
Tourism can contribute to irreversible damage to the environment, through pressure on fragile ecosystems, through construction of resorts or roads that destroy the natural sites and heritage, through the pressure that is exerted on land, water and air and through diverse processes of all kinds generating pollution, discharge of residuals, erosion, deforestation, etc.
Tourism and sustainability

The existence of both the tourism satellite accounts and the system of environmental and economic accounts allows countries where both international recommendations are being developed to estimate the links between tourism and the environment at the level of the national economy.
This could be done in two ways:

- Incorporating tourism as a specific set of industries and of consumers within the hybrid flow accounts of the environmental accounts;
- “Greening” the tourism GDP that is derived from the Tourism Satellite Account, taking into consideration the cost of the degradation of the environment and the use of the natural capital by tourism; expenditures that prevent degradation could also be taken into consideration as a further adjustment.