Supply perspective: measuring tourism

Developing National Systems of Tourism Statistics: Challenges and Good Practices
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United Nations Statistics Division
Statistics of International Trade in Services Section
• Value added
• Gross fixed capital formation
Value added - Definition

• To avoid duplication when different productive activities are compared and aggregated.
• Generally the difference between the value of outputs and the value of inputs

National Accounts:

+ The value of output (aggregate supply of goods and services)
- The value of intermediate consumption

Gross value added

- Consumption of fixed capital

Net value added
As a measure of the additional value created by a process of production in an economy, value added should be measured on a net basis.

The consumption of fixed capital is an important cost of production. However, as it is difficult to measure in practice.

Tourism Satellite Account adopts the gross measurement of value added.
Gross Value Added

• A measurement of the income generated in the process that remunerates the factors of production
• Relates to a production process taken as a whole that is, a combination of inputs, capital goods, labour and technology, in order to obtain one or more outputs.
• Does not represent any combination of goods or services produced.
Gross value added of tourism industries

- In Tourism Satellite Accounts, **Gross value added of tourism industries** (GVATI) is the sum of the gross value added of all tourism industries.

- TSA also uses **tourism direct gross value added** (TDGVA) as an indicator to link the demand for goods and services by visitors (tourism consumption) and their supply by domestic producers.
Gross fixed capital formation

- Gross fixed capital formation (GFCF) is an essential additional component needed for analysing the tourism industries.
- GFCF includes both the gross fixed capital formation of the tourism industries in tourism specific assets and the gross fixed capital formation in other assets, not considered as tourism specific.
- GFCF is a “flow” indicator. It is easier to measure the trend in new fixed investment (flow) than the accumulated fixed capital stock.
- Also transactions in non-produced non-financial assets (such as land) and in non-produced intangible assets (such as landing rights or trademark rights) may also be important in a broader perspective.