

## BENEFITS RESULTING FROM A TOURISM SATELLITE ACCOUNT FOR THE COMPILATION OF NATIONAL ACCOUNTS

Antonio Massieu\*

**Abstract.** If it is current to consider the benefits brought by *SNA93* to the compilation of a TSA, it is not as common to discuss the benefits that such an approach might bring to the overall quality and consistency of the system of national accounts of a country.

Nevertheless, it is important to understand that a SNA compilation may greatly benefit from the elaboration of a TSA, so that such a program should not be considered as an additional burden put on the teams in charge of the compilation of national accounts. On the contrary, it should be viewed as an opportunity to benefit from the collaboration with other bodies to improve important aspects of the accounts. Obviously, it depends on the relative importance of tourism in an economy, but in most cases, it is thought that such an exercise might bring important benefits to the proper representation of some economic activities mostly concerned with tourism.

This paper tries to underline those benefits, and be an encouragement for national accounts compilers to collaborate and put all their efforts in generating and using an information not usually used for a national accounts compilation into that particular aspect of the economic reality.

### I. CHARACTERIZATION OF THE LINK BETWEEN THE TSA AND *SNA93*

The elaboration of the first conceptual frameworks of National Accounts in the early years of the post-war period conveyed for many the idea that such systems would respond to all possible needs of information for macro-economic analysis.

Nevertheless, as time went on, the scope of macro-economic analysis broadened and computing capabilities grew in a way that would have been inconceivable at the start. At the same time, and as a consequence, the complexity of the conceptual systems elaborated at international level, culminating with *SNA93* (1), increased. A greater

awareness arose also on the fact that a System of National Accounts, however detailed and complex it might be, would never be able to provide all information required to answer all concerns, and questions related to specific fields of interest. Additionally, there was an understanding that a system of national accounts could perfectly coexist with other limited systems with specific scopes and objectives. The challenge was then to define such systems in a way that would make them supplementary to the system of national accounts, considered as a core.

The *SNA93* document recognized explicitly that situation. It provided comments about the limitations of the core system of SNA in such fields as welfare analysis or the description and analysis of

\* Chief of Statistics and Economic Measurement of Tourism. World Tourism Organisation.

specific fields and concerns of economic activity.

It is within this perspective the satellite accounting has to be understood: as a focus on specific aspects of economic activity that SNA cannot present with the due detail and focus because of its general scope, and as the construction of a family of interconnected partial statistical systems, bringing, additional insight into economic analysis in specific fields.

Although *SNA93* underlines the importance of the central framework as an integrated accounting structure, it recognizes nevertheless that “its categories and concepts are (not) in all cases the only right ones. Additional or different requirements necessitate the development of complementary or alternative categories and concepts” (2).

“Satellite accounts and systems generally stress the need to expand the analytical capacity of national accounting for selected areas of social concern in a flexible manner, without overburdening or disrupting the central system...” (3).

The objective of the document “Tourism Satellite Account: Recommended Methodological Framework” (4), adopted as a common international recommendation by four international organizations, namely United Nations, the World Tourism Organization, the OECD and EUROSTAT, fits perfectly along the line. It provides guidelines on the treatment of tourism within a conceptual framework of economic analysis which can be viewed as an extension of a National Accounts type of analysis (a satellite

account) within a specific domain (5) of interest, namely tourism.

Although the production boundary of the central framework of *SNA93* is an important reference of most satellite accounts frameworks many such frameworks require some adjustments to this boundary. That happens currently in the case of satellite accounting for transportation. For instance, ancillary transportation activities and transportation of households on their own account are usually externalized as they are important components of the activity when considered on its own. However, their exclusion could drastically hamper the understanding of the whole activity. It is also the case in accounting for environment where new costs and benefits, as those associated with the deterioration, conservation, and rehabilitation of environment, have to be considered and valued in economic terms; or when accounting, for household activities where services rendered by a person for other members of the household or voluntary work have to be accounted, too.

Within this context, the extension of the production boundary can be envisaged in the case of tourism, too, as this activity is mainly services oriented, strongly related to transportation and activities of households on a voluntary basis, and supposes in many cases, the use of existing goods for the “production” of services within the household (mainly transportation and recreation services on one’s own account).

Nevertheless, the design that was finally adopted in the *TSA: RMF* reflects the main concerns of the countries and groups of countries participant to the project. In many

countries, government and policy makers do not recognize the real economic importance of tourism, because of the lack of credible indicators concerning its size, comparable to the indicators that have been developed for other domains of economic activity. Those other domains are usually characterized by the value added, that is the primary income, generated by the productive activities characteristic of the domain under study, and the share, the value added represents within the overall, primary income, generated in the economy of reference.

As a consequence, to develop a value added type indicator to characterize the size of tourism, and its participation in the generation of primary income, was considered as a basic objective of the TSA project. The selection of such an indicator, and the need to find a way to express it as a share of total GDP, required the use of an identical production boundary as the one used in *SNA93*.

Therefore, there were to be excluded from production (and consumption) in the *TSA: RMF* all those activities excepted from the production boundary of *SNA93*, and particularly those referring to services provided within the households through the use of durable consumer goods as they were outside the boundary of production of *SNA93*. In the case of tourism, the exclusion concerns principally personal means of transportation used for tourism purposes. The TSA, in line with *SNA93*, does not value any service flow attached to their use. All goods and services acquired by household are considered as instantly "consumed" on the spot (6) so that the system does not provide any measurement of their use. Only the acquisition of those

consumer durable goods by households is considered as consumption (tourism or non tourism, according, to the circumstances of their acquisition), and only the purchase of goods and services required for their operation is considered as part of (tourism) consumption. No allocation is made for the cost of use of consumer durables.

The link between *TSA: RMF* and *SNA93* is thus of the stringent type, as they share not only the classifications, valuation principles and main concepts but also the production boundary. That brings benefits both to TSA and to the understanding and compilation of the *SNA93* itself.

## **II. IMPROVED ESTIMATION OF HOUSEHOLD FINAL CONSUMPTION EXPENDITURE BY PRODUCTS**

The measurement of the economic impact of tourism, which is the major purpose of the building of a TSA, focuses on tourism consumption. Tourism consumption is defined as "the total consumption expenditure made by a visitor or on behalf of a visitor during his/her trip and stay at a destination" (7). As a consequence it is strongly linked to the household effective consumption and household final consumption expenditure of *SNA93*. The link is also emphasized in the Recommendations, where the following precision is made, "...tourism consumption, except when it corresponds to the intermediate consumption of enterprises, will thus conform to the concept of 'final consumption' in the system of national accounts regardless of the type of a consumer" (8). The measurement of tourism

consumption by product is intimately linked to that of household final consumption expenditure by products in the supply and use framework of *SNA93* (9).

### **II.1. The territorial adjustment of household final consumption expenditure**

In order to understand the argument that follows, reference is made to table 15.1 of *SNA93*, which can be viewed in annex 1 in a simplified way. In the table, the total value of household final consumption expenditure, which corresponds to the final consumption expenditure of resident households, is made of the sum of entries by detailed products plus a global adjustment equal to (direct purchases abroad by residents — direct purchases in the domestic market by non-residents), the so-called global territorial adjustment. The global territorial adjustment represents the total of the difference between household final consumption expenditure of resident households (the total value, which further on, in the system, corresponds to the entry in the use of income account of resident households) and household final consumption expenditure by products occurring in the domestic market (the value to be found at each product entry in the supply and use scheme).

The balance between supply and use at the level of each product refers to the supply and use of goods and services in the domestic market. As a consequence, the entry corresponding to “household final consumption expenditure” really corresponds to domestic (internal) final consumption expenditure of resident and non resident

households. In other words, on the level of detailed products, that entry comprises final consumption expenditure of resident households in the domestic market and final consumption, expenditure of households that are not residents in the same domestic market.

If household expenditure surveys usually observe the final consumption expenditure of resident households, that information cannot be used directly within the supply and use framework of national accounts as it does not correspond exactly to what is to be measured on the level of products.

In fact, by product, the entry “Household final consumption expenditure” in the supply and use table corresponds exactly to:

Total household final consumption expenditure of *resident* households of the product

– Household final consumption expenditure of *resident* households of the product outside the domestic market

+ Household final consumption expenditure of *non resident* households of the product within the domestic market

Component corresponds to what can usually be observed through general consumption surveys to resident households. Those resident households are surveyed, and they usually report their total consumption, which can be given globally or according to the place of consumption: whether it has occurred on the domestic market (in the usual environment or in other places) or outside its borders.

Component represents final consumption of resident households outside, the economy of reference. Such an expenditure mostly occurs when residents travel abroad as visitors. Though it can also refer to situations in which the traveler from outside the economic territory is not a visitor. It is the case of mygrants, border workers, diplomats and their dependants, personnel being remunerated within the place they visited, students or sick, persons still economically dependant on their household of origin, although they have resided abroad for more than a year. Among those constituencies of travelers, usually (10), the most important are the visitors, so that most of component is due to what is called "outbound tourism consumption" in the conceptual framework of a TSA.

Symmetrically, component represents final consumption of non-resident households within the domestic market of the country of reference. It refers to symmetric constituencies and most of the adjustment comes from what is called "inbound tourism consumption" in the conceptual framework of a TSA.

As a consequence, a good knowledge of outbound and inbound tourism consumption by product provides usually a fairly good estimation of the adjustment to be made to final consumption expenditure of resident households in order to estimate final consumption expenditure of households in the domestic market; value which would figure on the product level in the supply and use balances of products.

## **II.2. Importance of tourism consumption for certain items of household final consumption**

For some products, and particularly tourism characteristic products, the consumption by visitors might represent a significant part of total domestic (internal) consumption. It is even one of the conditions for the definition of a tourism characteristic product. It should represent a significant portion, either of total tourism consumption itself, or domestic supply of the product. This is clearly the case of accommodation services, long distance transportation services, services of travel agencies, and in some cases, of food services, within the main categories of classification of products. However, it might be even more significant if working on a more detailed level.

Although the compilation of national accounts does not require, theoretically, to have data from both the supply and demand sides, the quality of the compilation is enhanced with the presence of direct information concerning both aspects.

For tourism characteristic products, in order to validate data coming from sources on supply, a good knowledge of detailed tourism consumption is a must. If supply is concentrated in a few, well organized, enterprises, as for airlines the issue is not so crucial. However, in the case of many small or very small units of production exist (accommodation, restaurants, production of handicrafts, etc.), a good independent

estimation of demand is an important building block to ensure the overall quality of the national accounts estimate.

That is all even more important, as the consumption behavior of individual visitors and visitors taken as a group, obey to a different logic than consumption of individuals within their usual environment. That is why to try to estimate the overtime changes of visitors consumption without any sort of indication on the tourism behavior of residents and non residents might induce in distorting seriously the view of household consumption expenditure in the domestic market.

### **III. THE TSA BRINGS FURTHER INSIGHT INTO SOME LESS KNOWN ACTIVITIES AND PRODUCTS**

Tourism consumption, it has been argued, covers a great variety of goods and services, namely those a visitor may acquire. Nevertheless, the TSA gives a special insight into some products and activities, which, although not always that important in terms of a global analysis, represent a significant proportion of final consumption expenditure, and particularly of consumption by visitors.

#### **III.1. General cases**

Although TSA describes consumption by all visitors and supply by all activities, so that its supply and use framework coincides with that of national accounts, it focuses, however, on characteristic products and activities. That is why, important reclassification is needed.

Those products usually do not appear on the main level of breakdown and publication of the national accounts of most countries.

The compilation of a TSA obliges to develop a greater insight into such products and activities for which a breakdown is necessary. That is particularly the case for long, distance transportation by rail or air, where usually the breakdown is not totally straightforward, as some costs are not easily identifiable as belonging to freight or passenger transportation. As a consequence, some specific information is needed, which might result in a better overall recording of those products and activities in the SNA itself, because of a major insight into some activities.

National accounts compilers do know that in most of the cases, their weaker domain is mainly in service activities. That is why, any new insight into that area can bring only benefits.

#### **III.2. Travel agencies**

The deeper insight into products and activities characteristic of tourism is particularly notorious in the case and travel agencies. In many countries, such activities do not account for much within the global framework of analysis, and no special care is thus taken in describing adequately and in a homogeneous way their treatment.

Travel agencies develop two main economic functions for which they get remunerated through different channels. Mainly, they are "retailers" of services associated to travel, principally air and or rail tickets, accommodation services, and serve



also as ticket agents for entertainment activities of all kinds. Additionally, they organize also trips on demand for groups and individuals, and are in charge of reception and escorting of groups of persons to certain places. The remuneration corresponding to the "retailer" type of services may come from three different sources, which can be separate or combined:

a) Travel agencies may charge a fee for the clients of their services. That occurs mostly in the case of ticketing for shows, or hotel reservation. Due to a new practice among airlines, tending to recognize lower commissions for travel agencies, many agencies have also begun to charge special fees for a file opening. *Those fees are invoiced separately for the customers*, and represent an additional cost.

b) In the case of air tickets or the sale of package tours provided by others, travel agencies usually receive a commission (affixed rate or fixed value), which is recognized by the carrier (or the packager) and is included in the total value charged to the client. There is no special, separate invoice for the traveler for the service. It is the carrier (tour operator) who pays (buys the service from) the travel agency, not the customer. There is no additional visible cost for the customer.

c) The last possibility that exists is when a carrier "sells" a given amount of tickets to a travel agency (usually at discounted price) and let it resell them at the price it wishes. The income of the travel agency is given by the difference between the sale price and the price invoiced by the airline. We are then facing a genuine retail trade operation.

These three different procedures for getting incomes for a travel agency selling "tourism services" may generate different types of accounting records, particularly in cases *b*) and *c*). Some agencies can record the total value of the sales as income, and the value they should reintegrate to the carrier (the value net of their commission or income) as expenditure. That is what is called a "gross" method of recording. Others may prefer to use a "net" procedure, where only the value of the fee, commission or margin appears as income and no expenditure corresponding to the value transferred to the carrier is registered, as it represents only an income for the benefit of others.

When looking at a country's experience, it has been observed that in many cases, private accounting practices have been accepted and incorporated within the procedures of calculation of national accounts, without too much concern about their mutual consistency, nor their consistency with the services, which the agencies were "retailing", namely passenger transportation and accommodation. Some agencies may be using a gross recording for their activities including, within their "production", the whole value of the services retailed (for instance, the whole value of air tickets). Others can apply "net" principles of recording, where only the fees or commissions received are recorded as an income of the agency. When the whole value of an air ticket figures as income, an expenditure registers the value of the ticket as invoiced to the carrier. All the values are added as they are reported, irrespective of their lack of homogeneity.

As a consequence, using that type of those information in those cases, the value of

household final consumption expenditure for transportation on one hand and travel agency services on the other cannot be clearly stated. It is also sometimes obscured through a global value including both the transportation service and that of the travel agency. That is particularly serious when there is no data from the "demand" side which would allow to estimate whether there is some amount of "grossing" up in the data (of double counting) coming from the supply sources.

As a TSA opts clearly for a "net" recording of transaction, it obliges to unify the treatment, improving thus the quality of the estimate.

It must be observed that the proposed treatment has also some bearing on the way the output of producers of air transportation, hotels, and others should be reported in the TSA and SNA. Those values should be "net" of retail services provided by travel agencies, which at the same time would disappear from their intermediate consumption and reappear directly as tourism consumption of travelers.

### **III.3. Package tours**

The same occurs in the case of package tours. It is recalled that package tours consist of two or more distinct "tourism" products which are purchased by a visitor as a single entity. Although the visitor can describe, in qualitative terms, the components of a package he/she acquires, he/she has no idea about its composition in terms of value, and the relative importance of the components. To make things even more difficult, a package might include services produced in different

economies (it is mostly the case for outbound and inbound tourism).

As tour operators use their special relationship (mostly financial) with certain types of providers of services (some even might be stockholders of charter airlines or international hotel companies) from whom they purchase great volumes of services, they usually benefit from very special prices. That is why, the sales value of a package is usually much lower than the sum of its parts acquired separately on the market. Nevertheless, the implicit discount is not necessarily evenly spread along all the components of the package, which makes the "unbundling" of such products a very risk procedure.

The analysis of package tours represents an important segment of the proper description of tourism consumption. An adequate description of the flows associated to inbound and outbound package tours will result in an immediate improvement of national accounts and balance of payments for those services intermediated through the economic entities. Only the compilation of a TSA can be a sufficient incentive to develop such an analysis

### **III.4. The case of time sharing arrangements**

The same can be said in the case of time-sharing arrangements. Within the context of national accounts, they account only very little in the global amounts of accommodation and housing services and the like. Nevertheless, for some countries, they have an increasing importance on the market of vacation accommodation and organization.



Let it be recalled that time sharing arrangements are forms of property, which allow for high flexibility in time and space for vacationing, within "...types of ownership where the ownership of an asset and the right to use it are considered as two different assets, and thus capable of being traded separately on different markets..."

The terms "timeshare", "vacation ownership", and "interval ownership" are commonly used to cover many different situations whose common origin can be traced back to the same initial experience. It took place at Super-Devoluy, a ski resort in France in 1967, where apartments were built with the specific object of selling their "usufruct" to different vacationers on a weekly basis during the winter season.

The "owners of the usufruct" had no specific right in the asset itself and could not make modifications to it, neither structurally nor in terms of its decoration or furniture. They were not the owners of the asset itself, but solely of its use in a given moment, usually a week during the season in which the sport could be practiced. They could use the week for their own enjoyment or entrust the management of the project to rent the accommodation unit to a third party. For each of the different owners of the usufruct, that solution allowed them to reduce sharply the costs of maintenance of the property while not using it (which is usually the drawback of second homes when used only occasionally). The costs were thus spread over the "owner" of the asset itself and all the other "owners" of the usufruct.

The duration of the contract of such purchases was usually tied to the duration of

the usage of the accommodation that was the object of the contract, but could also be less. Those "weeks" could be sold to third parties. When the apartment was sold to another developer, the timeshare contract was solely transferred to the third party, which was tied contractually to the owners of the timeshare.

That type of property allowed the owners of the timeshare to own a flat for vacation only for the period of time in which they planned to use it, thus reducing substantially the costs of owning a vacation apartment in a ski resort. Nevertheless, those owners lost some flexibility in time (they had to buy a predetermined week, the same every year) and in space (the location of the apartment was fixed as it was a predetermined apartment, which was the object of the lease).

Such a form of ownership, where the ownership of an asset and the right to use it are considered as two different markets, allowed substantial flexibility that was soon put into practice, and such schemes rapidly grew in the US, Spain, and many other countries. Weeks in the same accommodation were exchanged between individuals, and also weeks in different locations were exchanged, using equivalence tables.

Companies saw an opportunity to offer new, flexible products to vacationers. Through the administration of various resorts, offered for similar prices (or with the use of equivalence tables, taking into account physical condition, location and period of the year), they were able to offer "rights on weeks" in the resorts as a package for sale, with different variants and over different time periods. Other companies specialized in exchange and resale of such units.

As a consequence, the same global denomination of timeshare or vacation ownership covers a large variety of situations. Besides those contracts following the initial idea, vacation ownership timesharing has been extended to the right to use specific weeks in a resort or a family of resorts during a specific time period.

Taking into account specific forms of time sharing arrangements (a deeded interest, or a timeshare stock company), their treatment according to *SNA93* (thus TSA) principles is not exactly the same. In all the cases, the annual maintenance fee is considered a part of the visitor consumption. Additionally, in the case of a leased interest (an investment limited in time), the annual decrease of the market value of the leased interest existing at the beginning of the period of reference, must also be taken into consideration.

Within the strict perspective of national accounts compilation, the case of time sharing and its treatment within the conceptual framework may be considered as marginal, given its relative small impact on the economy as a whole. Nevertheless, its impact on local economies (mainly in resort areas, beach and mountains) and on the investment behavior of households may lead to a different consideration of its relevance.

Having a group of persons dedicated to research on the topics may be relevant in certain economies where time sharing is taking importance as a form of ownership and organization of vacations.

#### **IV. THE COMPILATION OF A TSA MAY DEVELOP AN INTEREST OF COMPILERS IN OTHER, NON TRADITIONAL SOURCES OF INFORMATION**

In most countries, the compilation of national accounts relies on traditional sources of information such as censuses and surveys, taken at regular times, under strictly controlled conditions, where emphasis is put on information collected directly in the form of values, prices, and quantities of products.

That operates quite well in the case of simple goods, where prices and value indexes can easily be derived from information on quantities, prices, and volume. In the case of complex goods, or services, that is not so true, as the notion of volume gets blurred, and there is no unique way of defining the "volume" of a complex good (a car, computer) or a service (medical, accommodation services).

The measurement of services is even more complex, as the conditions under which they are produced are often less formal, organized, and controlled than in the case of goods. This is particularly the case for services to households. As a consequence, the use of different types of information and supplementary sources seems important as both supply and demand are not easy to determine within a fair level of approximation. This is particularly true for countries where the statistical system is less developed, as development in statistics has traditionally initiated from the production of

goods or well controlled and organized services (banking, insurance).

Tourism is precisely the domain where different classes of information coexist, and can complement each other. Basic tourism information is mostly made of number of visitors (or travelers tourists, etc.), number of nights spent under given conditions, types of means of transport used, sites visited, number of meals taken, in brief, a variety of data of all sort, some of them easily translatable in terms of volume and value, other not so easy to use directly.

The art of TSA building is to introduce that variety of indicators, which seem initially to be disperse and difficult to relate to one another, within a framework, of consistency, using not only economic relationships but also social and geographical aspects of economic behavior. The conversion needs to be harmonized with the rest of the analysis of an economy. That is the place where collaboration between those more interested in the social and geographical impacts of tourism and those in charge of encompassing the analysis within general frameworks, has to be achieved with the help of interinstitutional collaboration.

It might be the place where traditional sources of information may be confronted with other points of view, in order to achieve a better understanding of the functioning of the economy, mainly in those activities where

tourism consumption has an important impact: accommodation and food services, passenger transportation, travel agencies, recreation services, etc.

## **V. FINAL COMMENTS**

WTO strongly insists on the participation of compilers of National Accounts within the interinstitutional platform designed for the development of TSA. We believe that it is of utmost importance for the proper conception of the project and it must be insured that it is correctly embedded into the general system of economic representation of a country. But such a participation should not be viewed merely as an additional burden. The paper tried to show how a SNA compilation could benefit from the additional insight and from a different perspective on household final consumption, where the dimensions of purpose and place where consumption occurs are also taken into consideration. Services are the area where most of the countries experience major difficulties in designing relevant surveys. Focusing on tourism services in an integral way and as on interconnected activities will help to shape a consistent analysis, at least for tourism characteristic products and activities. Additionally, the TSA perspective will be important in the development of regional accounts, in particular for those countries where tourism appears in clearly delimited geographical areas and specific times (11).

## APPENDIX

### SYSTEM OF TOURISM STATISTICS (STS) AND ITS LINKS WITH THE GENERAL STATISTICAL SYSTEM

1. The General Statistical System (GSS) encompasses a series of statistical functions that correspond to a group of bodies that conduct statistical work. The coverage and extension of those systems at any given time can be ascribed to a series of elements, such as:

– the organization and legal structure of the institutional units that produce statistics (mostly public)

– the administrative mechanisms and legally established links between those and the Central Unit

– the statutory or non-statutory nature of certain statistical sources and administrative controls which generate information that is liable to be used for statistical purposes

– the human and material resources assigned to statistical tasks in those producing units.

2. The overall aim of the GSS is to provide users with reliable, consistent, and appropriate statistical data relative to the country's socio-economic structures and developments, on different territorial levels, and which is geared to international comparisons with the results obtained in different countries. To this end, the GSS must include, in addition to all the statistical sources existing, in a given time, other methodological and instrumental elements that are necessary for its development.

3. Both on account of its aim and content, the GSS must reconcile statistical information systems at various state, local, and international levels, through appropriate coordination and integration, to which end a centralizing body must be set up.

4. For the purposes of the task, *reconciliation* is taken to mean the controlling that makes it possible to ensure that a particular process meets the purpose assigned to it within the overall System; *coordination* is taken to mean the function that serves to statistical programmes from the twofold standpoint of activities and projects; finally, *integration* is a function geared for ensuring the connection and assembly of the different statistical products.

5. From the perspective of the document, the following aspects should be highlighted with regard to the integration function: *instrumental elements* (international concepts, definitions, classifications, and standards) on the one hand, and *integrated statistical information systems* (systems of national accounts and socio-demographic statistical systems) on the other.

6. Of the two, the System of National Accounts (SNA) is doubtless the most developed. In this respect, it would be desirable to achieve a greater balance between the two systems in the future, insofar as they are interrelated through certain concepts, definitions, and classifications, and

to some extent, because the separation of economic and social statistics is in part conventional since many statistical variables are at the same time of an economic and social nature, or affect both economic and social issues without distinction.

7. It is perhaps worth highlighting that beyond the obvious fact that the number and type of available functions condition the level of development of integrated system, a reciprocal relationship also exists since integrated systems require consistency and rigour in the preparation of basic statistics, providing the conceptual framework required to design the instrumental elements of the integration: definitions and classifications.

8. Consequently, integrated systems (applied by virtue of the corresponding international standards) become the centre of gravity for statistical work in all areas.

9. As the World Tourism Organization has been continuously stating, a System of Tourism Statistics (STS) should be understood as the part of the General Statistical System providing reliable, consistent and appropriate statistical information on the socio-economic structure and developments of tourism, integrated within all the economic and social statistics related to other fields, on different territorial levels (state, local, and international).

10. The design of the STS should be viewed as the basic coordination framework of all the information produced by all stakeholders in tourism. Concepts, definitions, classifications, indicators and accounting aggregates relating to tourism, designed so as to secure an exhaustive

description of the tourism phenomenon in all its aspects (physical, social, economic) and a measurement of its economic impact within a context of international comparability are a structural part of the system.

11. Regarding its socio-economic aspect, the STS can be defined as a set of components of statistical nature, made of the statistical sources themselves (i.e. statistics drawn from surveys, administrative records), or of synthetic nature (like the TSA), the specific tools and instruments used at some stages of the process that the generation of statistics entails (as is the case of classifications, databases, etc.), and the data themselves which result from these processes. As a consequence, the STS encompasses the technical aspects of field operation, creation of statistical infrastructure, elaboration of the results, and completion of work leading to an integration of the data into a system of information.

12. Users concerned more specifically with the production and analysis of tourism statistics will find additional references in the official documents, which are entitled *Recommendations on Tourism Statistics* and *Tourism Satellite Account (TSA): Recommended Methodological Framework*. Those two documents, approved by the United Nations, contain the existing recommendations on tourism statistics. The purpose of the first one, approved in 1993, was to develop a set of basic elements of STS, and the second relates to the design of the instrument that today is the unifying framework of most of its components, i.e. the Tourism Satellite Account (TSA), approved in 2000. Both recommendations correspond to the institutional role that the WTO-OMT

assumes in statistics: the comparability of economic statistics and the development of international standards and guidelines.

13. In order for the STS to be, in its own right, a subsystem of the corresponding *General Statistical System*, WTO-OMT believes that, besides the TSA, it would be necessary to have also a Tourism Balance of Payments (TBP). That would be another instrument unifying the referred subsystem, a function that the Balance of Payments performs for the *General Statistical System*. To some extent, a third unifying element could be a Tourism Labour Accounting System (LAS-T). A first version of the methodological design of the LAS-T was prepared by ILO and presented by the UNSC in March 2001.

14. In presenting the new contribution to tourism statistics, WTO-OMT wishes to recall that, at the fifth session of its General Assembly held in New Delhi in 1983, it established the general guidelines for most of its work on the international harmonization of tourism concepts and statistics. Since then, we have received many contributions from institutions and individuals alike, finally enabling us to construct the necessary basis for enhancing the credibility of the measurement of the economic importance of tourism. WTO-OMT takes the opportunity to thank all those who have helped in the endeavour.

15. The following scheme highlights the structure of the System of Tourism Statistics:

## SYSTEM OF TOURISM STATISTICS

### 1. BASIC STATISTICS

#### 1.1. *TOURISM CONSUMPTION*

1.1.1. Concepts

1.1.2. Tourism units

#### 1.2. *TOURISM SUPPLY*

1.2.1. Concepts and units

#### 1.3. *PRODUCTION FACTORS*

1.3.1. Labour force

1.3.2. Capital

1.3.3. Technical innovations

### 2. CLASSIFICATIONS RELATING TO TOURISM STATISTICS

#### 2.1. *TOURISM SPECIFIC PRODUCTS (List of)*

#### 2.2. *STANDARD INTERNATIONAL CLASSIFICATION OF TOURISM ACTIVITIES (SICTA)*

### 3. TOURISM SATELLITE ACCOUNT (TSA)

#### 3.1. *TSA CONCEPTS*

#### 3.2. *TSA AGGREGATES*

#### 3.3. *CLASSIFICATIONS FOR TSA*

– Tourism characteristic products (List of)

– Tourism characteristic activities (List of)

#### 3.4. *TSA TABLES OF RESULTS*

#### 3.5. *TSA EXTENSIONS*

– *TSA - Regional*

– *TSA - Indicators*

– *TSA - Supranational perspective*

– *TSA - Functional perspective*

– *TSA - Institutional perspective*

– *Tourism Labour Accounting System*



#### 4. TOURISM BALANCE OF PAYMENTS

16. The outline is developed on the WTO-OMT website ([http://www.worldtourism.org/statistics/basic\\_references](http://www.worldtourism.org/statistics/basic_references)) where the interested user will find corresponding definitions extracted from the above-mentioned official documents.

#### NOTES

(1) UN, IMF, World Bank, OECD, Eurostat (1993): *A System of National Accounts*, New York. In the remainder of the text, these documents will be referred to as *SNA93*.

(2) *SNA93* ap. 21.3.

(3) *SNA93* ap. 21.4.

(4) UN, WTO, OECD, Eurostat (2001): *Tourism Satellite Account: Recommended Methodological Framework*, New York, 2001, referred to later as *TSA:RAIF*.

(5) We shall use the term "tourism domain" in order to specify what is usually described in common terms as

tourism sector, and which represents the whole set of economic variables that have some relationship to tourism. In National Accounts, the term "sector" is attached to the concept of "institutional sector", so that we shall restrict the use of the term to that specific use.

(6) The only exception being the acquisition of housing units and any significant repair attached to them.

(7) Recommendations on Tourism Statistics part 1 paras. 84 and 85; and TSA: RMF para 2.28.

(8) Recommendations on Tourism Statistics part 1 paras. 84 and 85; and TSA: RMF para 2.28.

(9) The special case of business tourism expenses is excluded from the discussion. It is extensively described by M. Libreros (2002): "TSA and the Input-Output Scheme" in *Enzo Paci Papers* vol. 2, World Tourism Organization.

(10) Those are the most common situations. Nevertheless, some countries might have significant population of border or seasonal workers (inbound or outbound) or groups of refugees. In those cases, tourism consumption might not be as important relatively to the total of consumption by non-residents.

(11) See a different type of contributions in relation with the regional scope in *Enzo Paci Papers* vol. 2, World Tourism Organization, 2002.