

THE ITALIAN TOURISM BALANCE OF PAYMENTS. TOWARDS. A NEW DATA COLLECTION SYSTEM

B. De Simone and P. Mascelloni*

Foreign Exchange Office (Ufficio Italiano dei Cambi - UIC) co-operates with the Bank of Italy in the production of official balance of payments statistics. International tourism transactions represent a key item in the Italian balance of payments.

At present, the need to improve the methodology used by the UIC to compile the *Travel* item of the Italian balance of payments is increasing. This is primarily due to the impact of the lifting of foreign exchange controls which Italy gave up completely in 1990.

The main features of the Italian context are related to this last aspect. Until 1988, when the foreign exchange liberalization process started, the tourism data collection was relatively simple and accurate owing to the strict regulations deriving from the foreign exchange controls. At that time all the settlements from and to abroad, including the national and foreign banknotes purchases/sales, had to be performed through authorized banks. Furthermore, there was a ceiling per year in the amount of foreign currencies residents were allowed to get for travelling abroad.

Even imports and exports of banknotes and other means of payment were rigorously restricted. Illegal exports of Italian banknotes became an important phenomenon. Such transactions were taken into account when the bills re-entered Italy, through non resident travellers or through the Italian banks to which they were delivered to be converted into foreign currencies.

The foreign exchange regulations and the implied penalties for residents, constituted an effective deterrent to the currency reporting evasion. In that context, the data collection system was exhaustive for the measurement of the tourism-related currency flows.

The outgoing statistics breakdown was very poor. It was essentially based on the reason of the travel (leisure, business, study, medical treatment, etc.) and on the currency used. The counterpart country was not detected. A few statistical adjustments were carried out, reflecting mainly the need to allocate more appropriately to the capital movements some specific transactions, non-tourism-related.

Therefore, until the end of 1988, the global

* Ufficio Italiano dei Cambi.

figures (receipts and expenditures) of the *Travel* item were highly reliable. On the other hand, it was not possible to satisfy disaggregated knowledge needs because of the lack of the necessary additional information in the data sources.

As the exchange liberalization was completed, on June 1990, the need to widely revise the data collection strategies and the information processing methodologies arose. Since 1990 residents are free to operate "outside" the domestic banking system, they can freely transfer banknotes and cheques, using foreign banks accounts, perform clearing settlements. Along with the reporting rules revision, a threshold (20 million lire) has been introduced for simplified reporting. This has led, in certain cases, to some information leakages.

The UIC statistical data base shows the effects of the above-mentioned aspects. As far as the tourism data are concerned, that negative impact, in terms of accuracy, is particularly relevant. The global tourism figures appear to be underestimated since the "statistical evasion" by those subjects who, making settlements outside the domestic banks, are requested to provide statistical reporting is particularly high. At the same time, the use of settlement techniques other bank transfers is becoming more and more frequent.

At the present, the international tourism statistics are processed on the basis of the following data sources:

Settlements by means of bank pay-orders ("channelled" settlements); the most important information relates to the currency

used, the country of origin/destination, the transaction reason, the province of the Italian bank involved;

settlements with means of payments ("not channelled" settlements); they are reported by the banks when the means of payments are negotiated or the client's accounts are credited or debited. In these cases the information is provided on the currency of denomination, the province of the Italian bank, but not the reason of the underlying transaction. For these settlements and for transactions directly settled through resident's accounts held abroad, a specific "Statistical Foreign Exchange Form" (Comunicazione Valutaria Statistica - CVS) must be reported by the residents when the amount is over 20 million lire.

The collected information is verified and, if necessary, corrected. It is finally aggregated, after conversion into lire, in order to determine the tourism currency flows for the monthly balance of payments. Further processing is performed to produce detail information to be published in the UIC monthly *Statistical Bulletin* containing a wide set of data on the Italian foreign transactions. Two tables on receipts and expenditures report a breakdown by country and by Italian province. The considered country is the counterpart of the settlement (for the bank transfer) or the country issuing the banknotes used (for "not channelled" transactions). The Italian province is that of the Italian bank performing the transaction. Therefore, the geographical allocation is partially misleading because of the lack of information, respectively, on the real foreign counterpart country and on the Italian province of residence of the resident subject.

The decreasing reliability of the tourist balance of payments data, with all the above-mentioned shortcomings, implies a negative impact on the linked statistical series (e.g. the national accounts) and serious difficulties in comparing data of different countries.

It is important to notice that it is impossible, in a short time, to improve statistics on incoming and outgoing tourist flows via banks' settlements of foreign means of payment. Furthermore, the data quality might deteriorate with the full implementation of the European Union. With the introduction of the single European currency inside the European Union, statistical information connected to the national currencies used in the transactions will obviously disappear.

At present, there are already some working groups in different countries of the European Union which are involved in the solution of the problems regarding the need to find homogeneous methodologies for tourism statistics. Recently, a task force has been established by Eurostat to evaluate already **existing** problems and suggest alternative methodologies to solve them. Representatives of the UIC contribute to some of these groups.

Surveys of tourism business are becoming more and more relevant. The UIC has planned, like other countries, a sample survey to improve the quality of the international **tourism** statistics.

The main purpose of this survey is to improve the methodology at present used, to compile the *Travel* item of the balance of payments and make it more consistent with

the international standards, like those supplied by the International Monetary Fund (IMF). At the same time, other international institutions which are involved in tourism statistics, such as the World Tourism Organization (WTO), the OECD and the Eurostat, have been considered. Another aim is supplying the actual and potential users of statistics with information about some features of the international tourist services market in addition to that necessary to strictly satisfy the IMF requirements.

By the next July, a pilot three-month survey will start to verify empirically both the techniques and the instruments that are going to be used in the survey and its methodological aspects (an estimate of the sample error and the sample size): this information will be used in the final survey. Furthermore, the pilot survey will take place in a period (next summer) which is the most relevant to study the tourist flows to Italy

The final sample survey should probably begin in January 1996 and be permanent. It will be the result of a series of individual interviews to be carried out in the main Italian road, rail, air and sea borders. Besides expenditure, other important variables linked to tourism are to be surveyed:

- main reason of the travel
- country of residence and destination
- Italian province of residence and destination
- amount of expenditure by main items
- currency

- length of the stay
- means of transport
- type of accommodation
- means of payment
- social and demographic variables

The survey will supply monthly data on expenditure by non-residents during their stay in Italy and by residents during their stay abroad. The individuals of the sample will be interviewed at the end of their stay to obtain reliable information; the foreign tourists will be interviewed when they are leaving from Italy, while the Italian tourists will be interviewed when they are coming back to Italy.

The survey will take place in all the main road and rail borders, airports and seaports. The less important border crossings will be selected randomly. The interviewers, at least

two for each point of survey, should, on one hand, count the number of people crossing the borders to estimate the size of inward and outward flows and, on the other, with a systematic drawing, interview the individuals face to face.

The sample size for the period July-September 1995 has been fixed at about 40.000 interviews, according to the necessity to limit the sample error in the estimates.

Some additional surveys will be run in order to collect information from a small number of operators of the tourist services supply (travel agencies, tour operators, etc.). The aim is to estimate the international transport costs to be deducted from the total cost of organized package tours.

The first results of the pilot survey will be introduced on the occasion of the 3rd forum on tourism statistics which will take place in Lisbon in 1996.