

Positioning Tourism in Economic Policy: Evidence and Some Proposals

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Positioning Tourism in Economic Policy: Evidence and Some Proposals*[♣]

UNWTO Statistics and Tourism Satellite Account (TSA) Programme

ABSTRACT. With the rapid growth and diversification of tourism over the years has come the need for a more complete understanding of this global phenomenon and the measurement of its real impact on national economies. The increasingly significant effects of tourism on not only overall economic activity, but also on host communities (employment, social fabrics, etc.) and on the natural and built environment have engendered a pressing need for data to mainstream tourism into national and international economic agendas and support public policies.

The World Tourism Organization (UNWTO) has put in place a powerful conceptual framework for gathering statistics and indicators relevant not only for the tourism sector but also for the broader economic context that tourism is embedded in. This paper provides an overview of available official data to better understand the importance of tourism as an economic sector. The data relates tourism to other economic sectors as well as allows tourism to be monitored as an important part of international and national agendas.

EXECUTIVE SUMMARY

The key findings show that:

- The majority of T.20 economies are working successfully on developing their statistics and economic analysis of tourism¹; many have a Tourism Satellite Account in line with United Nations recommendations.
- The direct contribution of tourism to GDP in T.20 economies varies between 1.5 and 7.7%; if additional non-direct effects are considered, figures go up to 10.9% (see Table 1). The direct contribution of tourism to employment lies between 2.3 and 14.2%.
- Tourism's economic contribution is a function of international tourism but, most importantly, of domestic tourism. In all T.20 economies the value of domestic tourism expenditure is higher than (in most countries tripling or more) the value of inbound tourism expenditure (see Table 3).
- Tourism is a major player in international trade in services (see Table 4 and Annex 1-3).

The evidence presented in this paper consolidates tourism as a sector with sufficiently large implications for the national economy, substantiating:

- the integration of tourism with national economic policy (see Table 2); and
- an effort by National Tourism Administrations towards a new leadership as suggested by UNWTO (see Section III); one that brings tourism's contribution to national policy considerations and forges bonds with policy makers in related areas.

Addressing tourism in economic policy also means advancing in a better understanding of the tourism phenomenon to craft appropriate policies. Paving the way for greater insight into the potential of tourism in economic development, UNWTO proposes two issues that require special attention and in which T.20 economies are specially suited for advancing through collaboration and a joint positioning (see Section VI):

- tourism-related employment issues like the quantification of occupational gaps in tourism industries; and
- a focus on measuring and analysing tourism at the sub-national level.

* The paper has been updated since the T.20 Ministers' Meeting in Korea with, among other changes, new figures for Mexico.

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¹ It should be noted that the respective country technicians have been approached to verify/update the information used for setting up this document (see Annex 1 for your country's Data Sheet); several of them have done so.

I. Introduction

Economies evolve to accommodate for changing societies: technological progress, an increasingly globalized world but also shifts in people's preferences when travelling for tourism purposes, lifestyle, income and demand alterations in the set of productive activities that cater to their needs and wants. A century or so ago few people engaged in a practice that has become so widespread today it has engendered what is, in all respects, a distinct economic sector: tourism.

Like any economic sector, tourism is embedded in the economy—provoking rippling economic effects as well as assuming them from other economic sectors. This happens through the different industries producing goods and services demanded by a special subset of travellers, identified as visitors, whom are the 'core element' of tourism.

This paper provides insight on tourism's economic importance and some selected policy implications. It builds on official statistics provided by countries and UN sister agencies. The focus is on providing evidence that can assist T.20 leaders in shaping policy within their respective economies and within the evolving international agenda, in so doing, serve as an example to other countries.

UNWTO understands that the evidence provided justifies:

- calling on countries' tourism authorities to take a new leadership and weave tourism into their national economic policy framework, appealing to T.20 economies to serve as ambassadors for good practices in tourism information-building, analysis and management;
- raising awareness of the fact that making the case for tourism requires sound official figures and well-founded economic analysis. Only from this foundation, can policy issues be linked to a credible potential of tourism in addressing present-day challenges.

II. The Credibility of Tourism as a Key Economic Sector

For the first time, the new United Nations (UN) and International Monetary Fund (IMF) official documents on National Accounts and Balance of Payments² identify tourism as a specific area of economic activity and point to the Tourism Satellite Account (TSA) as the appropriate tool for deriving key aggregates and internationally comparable indicators on the macro-economic contribution of the sector world-wide.

This official recognition by the international community has been running in parallel to the rapidly consolidating position of tourism as a major global sector. At the same time, the key stakeholders in tourism around the world understand that in order to effectively advocate tourism it is necessary to use credible data (both physical and monetary) and foster economic analysis.

Consequently, UNWTO strategy for living up to this recognition is rooted in:

- A call for reliable data using the same concepts, definitions and measurement approaches as for other economic sectors; and

² See the Bibliography for, respectively, the Commission of the European Communities, International Monetary Fund, Organization for Economic Cooperation and Development, United Nations and World Bank joint publication *System of National Accounts 2008* (SNA 2008) and the International Monetary Fund's *Balance of Payments and International Investment Position Manual, Sixth Edition* (BPM6).

- The pursuit of credibility in the measurement of tourism's contribution from the supply side of the economy; in other words, looking at tourism from the perspective of industries. This is important because tourism is not an industry in the traditional sense—industries are classified according to what they produce, while tourism is defined by the demand for products coming from a special type of consumer, the visitor³.

Box 1. Defining the Tourism Sector⁴

The tourism sector is the cluster of production units in different industries that provide goods and services typically demanded by visitors. Such industries are called *tourism industries* because visitor acquisition represents such a significant share of their supply that, in the absence of visitors, their production of these goods and services would cease to exist in meaningful quantity.

Tourism industries include the provision of accommodation for visitors, food and beverage serving activities, passenger transportation, travel agencies and other reservation services activities, cultural activities, sports and recreational activities, as well as other country-specific activities.

Source: UNWTO

A major consequence of the approval of the TSA ten years ago was the need for countries to complement traditional physical data (arrivals, overnights in hotel and similar establishments, number of accommodation establishments, etc.) with new monetary data measuring both the expenditure of visitors and the production by tourism industries. More specifically, there was the need for looking at the production of those goods and services demanded by visitors as a specific kind of consumer.

Progress made during the last decade has been impressive. By early 2010, a total of 60 countries had been identified as having already produced or being currently developing a TSA exercise; more countries could be added to this list in the coming two years.

List 1. Countries with TSA exercise in place or being prepared

Australia	Egypt	Italy	Philippines
Austria	El Salvador	Jamaica	Poland
Bahamas	Estonia	Japan	Portugal
Belgium	Finland	Kazakhstan	Romania
Brazil	France	Korea, Republic of	Saudi Arabia
Canada	Germany	Latvia	Singapore
Chile	Greece	Lithuania	Slovakia
China	Guatemala	Malaysia	Slovenia
Colombia	Honduras	Mexico	Spain
Cuba	Hong Kong, China	Morocco	Sweden
Cyprus	Hungary	Netherlands	Switzerland
Czech Republic	India	New Zealand	Taiwan, Prov. of China
Denmark	Indonesia	Nicaragua	United Kingdom
Dominican Republic	Ireland	Oman	United States
Ecuador	Israel	Peru	Uruguay

The TSA allows tourism to be seamlessly integrated into macroeconomic analysis, and thus makes it possible to incorporate tourism policy within general macroeconomic policies. Thus, a key result of the development of the TSA project has been the wide acknowledgement of the development potential of tourism.

³ A visitor is a traveler taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A visitor (domestic, inbound or outbound) is classified as a tourist (or overnight visitor), if his/her trip includes an overnight stay, or as a same-day visitor (or excursionist) otherwise.

⁴ For more definitions focusing on the economic measurement of tourism and related analysis and research see Annex 4. Understanding Tourism: Basic Glossary.

III. The need for new leadership: from international to national action

UNWTO's international leadership effort in building up the credibility of tourism as an economic sector is largely thanks to the UN's official recognition of the TSA. Two consequences should be highlighted:

- the world-wide acceptance by countries that TSA development is a key project for National Tourism Authorities (NTAs) has paved the way for refocusing on two fundamentals: national economic analysis of tourism as well as international comparability of tourism activity; and
- recognition of the fact that the above requires a consistent, unified framework of international guidance for setting up a national System of Tourism Statistics and a TSA.

UNWTO wants to be pro-active in moving ahead this process. A prime example is the new *Compendium of Tourism Statistics*⁵ due in 2011 with a revamped format featuring data and indicators on inbound, outbound, and domestic tourism, tourism industries, and employment as well as macroeconomic international tourism related indicators. Much more than an update on previous *Compendium* editions, the new publication responds to (1) UNWTO member countries' petitions for enlarging the focus of tourism to also: domestic tourism, tourism industries and employment; and (2) the need for further international comparability of data on these aspects. This request for additional information will assist countries in enlarging their present level of information for a regular monitoring of the tourism sector's economic performance. T.20 economies are encouraged to take the lead.

Merely counting the number of arrivals at international borders is not sufficient for crafting an adequate economic policy on tourism. But this is not the only reason for which UNWTO would like to motivate leadership at the national front. It is also because the present cooperation process of UNWTO with some key international organizations provides an opportunity for T.20 NTAs to extend their circles of influence and cooperation to other governmental agencies (such as Central Banks and Ministries of Labour and Economic Affairs).

The way towards a more effective, efficient and sustainable management of a tourism sector that enhances economic well-being means taking a proactive stance in positioning tourism to shape national policy. T20 economies are in a privileged position and can serve as examples of vanguard tourism statistics, economic analysis and (economic development) policy formulation.

Box 2. UNWTO Initiatives for Building a New Leadership

In relation to measurement, economic analysis and (economic development) policy, UNWTO engages in different cooperative initiatives with UN sister agencies. NTAs could take advantage of the resulting reinforced ties with the national counterparts of these agencies—Central Banks, Ministries of Labour and Economic Affairs.

Example 1. International Monetary Fund (IMF)

The following paragraph is part of the exchange of letter signed by IMF Statistics Department and the UNWTO who share a common interest in improving the quality of statistics on tourism-related transactions.

UNWTO has contributed to the forthcoming BPM6 Compilation Guide in relation with the measurement of the components of 'travel' and 'passenger transport services' in the new Balance of Payment Manual.

The role of the UNWTO as the international agency responsible for tourism statistics is clearly recognized. The IMF's interest stems from its need to collect and improve the quality of statistics on the 'travel' and 'passenger transport services' components of the Balance of Payments statistics.

⁵ See the structure of the new set of data and indicators to be included in Annex 5 "New UNWTO Compendium of Tourism Statistics".

Example 2. International Labour Organization (ILO)

ILO and UNWTO are developing a joint statistical initiative in order to provide general guidance to countries regarding the measurement of employment in the tourism industries. National practices of the measurement of employment in the tourism industries will be presented in greater detail as well as examples of real tables with employment statistics. The following countries will serve as examples: Australia, Austria, Brazil, Canada, France, Hungary, Lithuania, New Zealand, Norway, Poland, Portugal, Spain, Switzerland and the United Kingdom. These general guidelines will be published by the first quarter of 2011.

The initiative will also focus on the quality of labour in line with ILO's *Decent Work Agenda*. Brazil and Indonesia have been selected to be case studies and the outcome of this research will be published by the third quarter of 2011.

Example 3. World Trade Organization (WTO)

UNWTO and the WTO have agreed to develop a cooperative programme of work on different topics:

- selecting areas of analysis regarding globalization and its impact on national tourism sectors;
- providing guidance about the measurement of tourism-related expenditures in the Balance of Payments; and
- joining efforts in each organization's regional capacity building programmes and national technical assistance missions.

Both organizations agree that the last initiative could contribute to reinforce and/or improve national governance, meaning that NTAs, National Statistical Offices and Central Banks should be the main actors in all of them.

IV. Economic Contribution of Tourism

The TSA measures tourism from an economic perspective and covers all elements that are relevant to the national economy. In so doing, it provides the foundation for analyzing tourism as an economic sector.

The most widely used indicator for the size of an economy is *Gross Domestic Product* (GDP). The TSA provides the equivalent for the size of the tourism sector, *Tourism Direct GDP*. It conveys how much of each economy corresponds to visitor demand for goods and services. This is also known as the *direct contribution* of tourism and allows for international comparability.

Other complementary contributions also happen, though they should not be used for international comparability. Complementary contributions refer to a chain of indirect and induced effects of visitor demand. In order to serve visitors, productive activities require additional inputs. For example, restaurants have to buy and prepare more food, hotels need more housekeeping supplies, aquatic centres consume more cleaning supplies and more water, etc. Often, additional direct investment is required: more roads, more hotels, more restaurants, more beaches have to be managed and cleaned, etc. These intermediate inputs or capital goods need to be produced or imported, and this, in turn, induces a succession of additional demand for labour and capital. This chain of effects is called the *indirect effect* of visitor demand.

Moreover, the increase of income distributed to the labour force and to the owners of productive capital resulting from visitor demand generates increased demand for goods and services through a rise in household expenditure. This additional demand generates a chain of *induced effects* on a great variety of goods and services.

It is important to highlight the difference between measuring the size of the tourism sector (TSA issue) and its total economic impact (a modelling issue). The TSA offers an excellent statistical input for modelling techniques—like Input-Output, Computational General Equilibrium and others—to analyse potential effects of policy changes (e.g. a change in a tax), external shocks (an abrupt change in demand) and linkages with an array of industries and production factors.

Table 1. Tourism contribution to key aggregates in T.20 economies⁶

Table 1. Tourism contribution to key aggregates in T.20 economies⁶				
Main aggregates⁷			Other aggregates⁸	
Countries	Tourism supply – GDP (%)⁹		Tourism employment (%)¹⁰	
	Direct contribution	Complementary contributions	Direct contribution	Complementary contributions
Argentina	..	..	9.6	..
Australia	2.6	6.2	4.5	8.3
Brazil	3.6	..	6.2	..
Canada	1.9	..	3.6	..
China	4.2	..	2.3	..
France	6.2	..	3.0	..
Germany	3.2	..	4.7	..
India	2.8	5.8	4.6	8.3
Indonesia	2.5	4.7	3.5	6.8
Italy	..	..	..	..
Japan	1.9	..	2.9	..
Korea, Republic of	1.5	2.4	2.0	3.2
Mexico	7.7 ¹¹	..	6.9	..
Russian Federation	..	..	..	..
Saudi Arabia	2.9	..	6.6	..
South Africa	3.0	..	4.3	..
Spain	6.4	10.9	5.1	7.5
Turkey	..	..	..	..
United Kingdom	3.8	..	14.2	..
United States of America	2.7	..	3.7	5.7

The true importance of the tourism sector is further evidenced when looking at each country's economic structure and comparing tourism to other sectors, as is shown in Table 2 for T20 economies with available data. This table shows figures for different sectors' contribution to total productive economic activity in terms of *Gross Value Added (GVA)*¹², thus omitting distortions like taxes and subsidies. The TSA measures the tourism equivalent called *Tourism Direct GVA*.

⁶ This table shows direct contributions (TSA data) or complementary contributions (data obtained from modelling based on TSA). Source: World Tourism Organization's (UNWTO) *TSA Data Around the World* (June 2009), National Statistical Office sources, Eurostat's *Tourism Accounts in the European Union* (2009) or data made available/updated by country.

⁷ The main aggregates of the TSA include a set of relevant indicators that describe the size of tourism in an economy: *Tourism Direct Gross Domestic Product* (this is given as the direct contribution of tourism supply in Table 1), *Tourism Direct Gross Value Added*, *Internal tourism expenditure*, and others.

⁸ Other TSA aggregates are recommended in the TSA official document: employment in the tourism industries, tourism gross fixed capital formation, tourism collective consumption and total tourism internal demand. With the exception of tourism employment, they should be the object of a more advanced development of the TSA.

⁹ Tourism Supply is measured by means of *Tourism Direct Gross Domestic Product* -the "part of GDP attributable to all industries in response to internal tourism expenditure- (see Section V)".

¹⁰ Tourism employment in its strictest meaning, i.e. the employment strictly related to the goods and services acquired by visitors and produced either by tourism industries or other industries, cannot be directly observed. For this reason, the TSA recommends only the estimation of employment in the tourism industries.

¹¹ Value refers to the share in Total Value Added (this aggregate is part of but not strictly equal to GDP)

¹² The difference with GDP is that GVA does not include taxes on products and imports related to visitor expenditure; it only contains the value generated by all industries in response to internal tourism consumption.

Table 2. Tourism and other economic sectors¹³

Countries	Sectors' Contribution to Total Value Added (%)							
	Agriculture	Manufacturing	Mining, construction, electricity, water & gas	Chemicals	Food, beverage & tobacco	Machinery & transport equipment	Textiles and cloth	Tourism
Argentina	4.4	17.3	10.7	..	..	12.6	..	..
Australia	3.3	12.5	13.9	0.9	2.2	0.6	0.2	2.6
Brazil	6.9	19.2	10.9	2.1	3.7	4.1	1.1	3.6
Canada	2.1	15.4	15.2	..	..	..	..	2.0
China	13.7	31.4	13.4	..	1.4	0.5	0.7	4.2 ¹⁴
France	2.5	13.6	7.3	1.7	1.8	3.9	0.5	4.0
Germany	1.3	22.9	7.3	2.2	1.9	9.4	0.5	3.2
India	21.0	15.3	10.9	2.5	1.4	3.0	1.3	2.8
Indonesia	14.4	27.9	20.3	3.1	7.0	6.7	2.1	4.7
Italy	2.0	26.9	15.5	2.3	1.8	5.4	2.0	3.9 ¹⁵
Japan	1.5	19.9	8.0	1.2	2.5	13.3	0.1	1.9 ¹⁴
Korea, Republic of	3.3	27.5	10.2	2.1	1.7	13.8	1.4	1.5 ¹⁴
Mexico	3.3	17.9	18.9	1.6	4.7	2.9	0.6	7.7
Russian Federation	5.5	19.0	20.1	1.5	2.9	2.2	0.4	..
Saudi Arabia	3.2	9.4	53.9	2.5	1.8	1.2	0.4	3.2 ¹⁴
South Africa	2.7	18.5	12.3	1.3	3.3	3.1	0.7	3.0 ¹⁴
Spain	3.6	16.3	12.9	1.4	2.5	3.4	0.8	6.4
Turkey	11.3	22.5	9.0	2.0	4.0	3.3	4.0	..
United Kingdom	1.0	17.5	9.9	1.8	2.5	4.8	0.7	3.8
United States of America	1.4	14.4	7.7	2.1	2.1	4.0	0.3	2.7 ¹⁴

In most economies tourism is large enough to be considered a key economic sector as it supposes shares as relevant as those of many other sectors. For example, the value of the tourism industries is in many cases larger than that of agriculture, a sector generally esteemed as strategic in various policies. For many countries, other sectors like chemicals, machinery and transport equipment, and textiles and cloth also figure well below tourism in terms of productive activity.

V. Expenditure Determines the Economic Contribution of Tourism

Tourism contribution measures the productive response by the economy to a demand generated by visitors (tourists or excursionists), regardless of where the visitors come from (residents or non-resident).

As a specific kind of consumer, visitors generate a specific kind of expenditure. Resident visitors bring about *domestic tourism expenditure* and non-resident visitors produce *inbound tourism expenditure*. Together they sum *internal tourism expenditure* which is the key aggregate for measuring tourism's economic contribution from the demand side¹⁶.

¹³ Refers to shares of each sector's Value Added in Total Value Added (this aggregate is part of but not strictly equal to GDP). Data for Tourism are obtained from countries' TSA; data for the remaining sectors are obtained from national accounts according to World Bank categories (*World Bank Development Indicators*). For each country, the year with the most complete and recent data was taken. For this reason, the years may vary among countries so that figures are not strictly comparable between countries. However, it must be noted that as year-to-year changes in these aggregates are generally quite small, the comparability for primarily exploratory purposes is not severely compromised.

Source for TSA data: World Tourism Organization's (UNWTO) *TSA Data Around the World* (June 2009), National Statistical Office sources, Eurostat's *Tourism Accounts in the European Union* (2009) or data made available/updated by country. Source for National Accounts data: World Bank *World Development Indicators* (WDI) 2010 or data made available by country.

¹⁴ These aggregates are based on GDP figures (value added is part of but not strictly equal to GDP; see note 12).

¹⁵ This figure refers to hotels and restaurants only, as provided by country.

¹⁶For a more comprehensive and detailed reference to tourism as part of the national economy, see Annex 6 "Tourism as part of the national economy".

<u>Countries</u>	Tourism expenditure	
	Inbound tourism (%)	Domestic tourism (%)
Argentina	..	..
Australia	25.6	74.4
Brazil	23.9	76.1
Canada	20.3	79.7
China	9.2	90.8
France	35.0	65.0
Germany	19.9	79.6
India	18.2	81.8
Indonesia	37.9	62.1
Italy	46.9	53.1
Japan	5.7	94.3
Korea, Republic of	47.2	52.8
Mexico	13.3	86.7
Russian Federation	..	..
Saudi Arabia	46.6	53.4
South Africa	48.4	51.6
Spain	44.0	56.0
Turkey	..	..
United Kingdom	18.1	81.9
United States of America	13.8	86.2

Regarding measurement of tourism expenditure, both *internal* (domestic + inbound) and *international* (inbound + outbound) flows should be identified and analyzed separately.

As previously mentioned, internal tourism is the key economic aggregate on which the macroeconomic measurement of tourism is built. Looking at such an aggregate helps understand the resilience of tourism. Especially in times of crisis, many stakeholders marvel at the stability of tourism's contribution to GDP while international tourism indicators (such as arrival figures and Balance of Payments data) have shown marked negative trends since 2008. There are a couple of reasons that explain this false paradox:

- Many people consider tourism trips a non-renounceable commodity. Economists would prefer to say that tourism trips have a quite inelastic demand in terms of income because a non-dramatic increase or decrease of it does not affect the amount of trips consumed. Even so, their varying income may induce them to switch between outbound and domestic trips, giving way to a substitution effect.
- Tourism behaviour is also linked to business cycles: When in an expansionary economic cycle, people are more likely to venture on more expensive trips abroad (outbound tourism increases but, if things go well abroad also, so does inbound tourism). When economic growth slows down, many people trade them in for more modest domestic trips. With higher domestic expenditures compensating for lower inbound expenditures during times of crisis, the net effect on tourism contribution may vary only modestly over business cycles, other things being equal.

¹⁷ Data obtained from countries' TSA. For each country, the year with the most complete and recent data was taken. For this reason, the years may vary among countries so that figures are not strictly comparable between countries. However, it must be noted that as year-to-year changes in these aggregates are generally quite small, the comparability for primarily exploratory purposes is not severely compromised. Note that country figures may not add up to 100 due to rounding.

Source: World Tourism Organization's (UNWTO) *TSA Data Around the World* (June 2009), National Statistical Office sources, Eurostat's *Tourism Accounts in the European Union* (2009) or data made available/updated by country.

- The value of domestic tourism expenditure is, in general, significantly larger than that of inbound tourism. This means that inbound tourism, and its fluctuations, affect total tourism expenditure in a relatively small degree. Japan offers the most evident example; with 94.3% of internal tourism coming from resident visitors, its domestic tourism weighs more than 16 times the value of inbound. It is intuitive that domestic tourism is a function of the size of country population and geographical territory: the larger the population and country, the more likely people are to take tourism trips to places within national borders.
- Finally, resilience is inherent in macroeconomic aggregates in general. Being a cumulative measure they tend to smooth out variation in the underlying observations. The relative economic weight of the tourism sector is thus quite resilient over time because the effects of its many components largely compensate for each other. As a result, it is crucial to look at the macroeconomic aggregates, and the way its constituents interact, to understand tourism's resilience.

Box 3. Example of Tourism's Resilience in Australia

In their 2008-2009 press release on Tourism Satellite Account (TSA, ABS Cat. No. 5249.0), the Australian Bureau of Statistics (ABS) highlights:

Despite a challenging operating environment tourism GDP remains steady at \$32.8 billion.... Tourism's share of national GDP is 2.6 per cent, down 0.2 percentage points. With factors such as the Global Financial Crisis and the impact of H1N1 influenza combining to reduce global demand for to travel, this is a solid result for Australian tourism given such a challenging operating environment.

Tourism is an internationally traded service and as such, the expenditure associated to inbound and outbound tourism is part of the Balance of Payments (specifically, these expenditures are included in the 'travel' and 'international transport passenger services' items). Consequently, the expenditure related to trans-border flows of visitors allows for a complementary perspective when considering the tourism contribution to the national economy. Table 4 shows data on inbound and outbound tourism from the perspective of international trade (see also Annex 2 and 3). It can be seen that, as an internationally exported service, inbound tourism ranges between 9.3% (Japan) and 79.3% (Mexico) of total services exports.

In fact, just like trade in goods, tourism affects national income and may face trade restrictions in the form of entry quotas, travel duties or strict visa requirements. From a purely economic theory view, the reciprocally free movement of products and people benefits society at large in all countries by allowing each country to specialize in what it produces best and by providing each country with a larger variety of goods and services.

Table 4. Macroeconomic International Tourism related Indicators 2008¹⁸

Countries	Inbound tourism expenditure					Tourism balance (inbound minus outbound tourism expenditure)	Tourism coverage (inbound over outbound tourism expenditure)
	% GDP	% exports of goods	% exports of services	% exports of goods and services	% current account credits	US\$ Million	%
Argentina	1.6	7.6	43.9	6.5	5.9	-666	88,8
Australia	2.7	15.1	62.9	12.2	10.3	3.567	114,3
Brazil	0.4	3.1	20.1	2.7	2.5	-7.160	46,0
Canada	1.2	3.8	26.7	3.4	2.9	-15.680	53,8
China	1.0	3.1	30.0	2.8	2.6	3.143	107,7
France	2.0	9.3	34.1	7.3	5.3	17.424	134,6
Germany	1.4	3.4	20.8	2.9	2.4	-52.525	50,5
India	1.0	6.6	12.1	4.3	3.5	380	103,1
Indonesia	1.6	5.8	53.5	5.3	4.9	-651	92,6
Italy	2.1	8.9	40.6	7.3	6.1	10.954	129,0
Japan	0.3	1.8	9.3	1.5	1.2	-25.195	35,4
Korea, Republic of	1.4	2.9	16.8	2.5	2.3	-7.977	62,8
Mexico	1.3	5.0	79.3	4.7	4.3	4.462	143,8
Russian Federation	0.9	3.4	31.0	3.0	2.7	-11.212	58,5
Saudi Arabia	1.3	1.9	63.0	1.8	1.7	-9.439	43,4
South Africa	3.3	10.7	71.7	9.3	8.6	2.274	132,9
Spain	4.4	24.6	48.9	16.4	12.9	43.405	261,7
Turkey	3.4	17.7	71.5	14.2	13.5	20.904	606,5
United Kingdom	1.7	9.9	16.0	6.1	3.6	-37.937	55,0
United States of America	1.2	13.0	30.5	9.1	6.4	48.644	141,3

VI. Initiatives for Taking a Leadership Position in Evidence-Based Policy

One of the key recommendations of the First T.20 Ministers' Meeting in South Africa (February 2010) stressed the need to "strengthen the analytical base that underpins the economic and development case for travel and tourism" (First T.20 Ministers' Meeting Communiqué). The availability of key indicators to make the economic and political case for tourism has been rightly identified as central to the objectives of the T.20.

Nonetheless, accessibility to more information can not be seen as an objective in itself but rather as a means toward the socio-economic development of tourism's full potential and informed policy decisions. Time has come to explore whether T.20 economies find it feasible to work on exchanging and exploring case studies that could, in the medium-term, yield an international consensus on priority issues. These would serve to not only shape future T.20 Ministers' Meetings agendas but also to guide fellow countries' progression towards their own national leadership in the economic policy of tourism.

UNWTO is currently developing two core issues for advancing the analytical foundation of tourism policy; areas where all countries, but especially T.20 economies, stand to gain from collaboration and a joint positioning.

¹⁸ Note: Tourism data correspond to the 'travel' and 'passenger transport services' items of the Balance of Payments; the reference year corresponds to the latest data available in the source. For more data on tourism as an internationally traded service, see Annex 1.

Source: UNWTO/ECLAC Macroeconomic International Tourism Related Indicators (MITRI) dataset (June 2010) based on Balance of Payments and National Accounts data and jointly compiled by World Tourism Organization (UNWTO) and UN Economic Commission for Latin America and the Caribbean (ECLAC); if not available in aforementioned: World Bank *World Development Indicators* 2010.

1: Employment in the tourism industries

T.20 economies have recently contributed to a UNWTO questionnaire on the relationship between tourism and employment. The results¹⁹ have been shared with the ILO and will be considered in advancing the joint ILO/UNWTO statistical initiatives (see Box 2). Besides learning about countries' interest, achievements and policies, the results provided by a significant number of countries demystify, sometime even discard, several common statements often made by tourism stakeholders.

To name just a couple of examples:

- Contrary to what is often believed, many do not believe that the often high percentage of part-time (or part-year) work is a negative aspect of employment in tourism industries; instead, many respondents pointed to the benefits of part-time and part-year employment to selected employee segments like students, parents, and retirees;
- In addition, several respondents specified they do not believe that seasonality makes their national tourism sector suffer; and
- In the sense that tourism-related employment is often associated with poverty reduction, respondents generally do not seem to have (numerical or analytical) evidence on this relationship which is likely to an indirect one: it has to be proven that tourism has a positive effect on the employment level and that this increased employment reduces poverty—some claim that such causality is only possible through human resources development.

All in all, the results seem to indicate the importance in analysis and policy of considering the uneven distribution of tourism activity and its related employment across geographic territory, occupational segments and production units:

- Respondents affirm the importance of considering the sub-national perspective in crafting and implementing policy;
- They mention the need to measure present gaps of the different tourism-related occupations with varying educational/skill requirements over industries; and
- There is a need for expanding the present set of International Recommendations into guidance for the development of a framework that allows measurement and analysis of the employment and occupations that cater to tourism demand.

2: Taking the sub-national perspective seriously

Tourism activity is unequally distributed over the national territory. National figures smooth out all regional peculiarities. Policies targeting destination management and its links with the rest of the nation/economy require a local focus of its supporting analysis and measurement. UNWTO wished to support National Tourism Authorities in better coordinating and responding to local specificities by means of national policy, especially in those regions where tourism is significant.

For this purpose, UNWTO has recently launched the INRouTe project (International Network on Regional Economics, Mobility and Tourism) with the objective of gathering sufficient information and knowledge worldwide so as to generate general guidelines on a number of key areas (see Box 4). In time, this should allow for the sub-national adaptation of the progress made at the national level in terms of expanding national Systems of Tourism Statistics and moving ahead the Tourism Satellite Account project.

¹⁹ UNWTO Conference Room Document 'Questionnaire on Tourism and Employment: an Overview of Results'.

Box 4. UNWTO Regional Initiative

The International Network on Regional Economics, Mobility and Tourism (INRouTe), an initiative promoted by the World Tourism Organization (UNWTO), is an expert knowledge-driven network that endorses the development of conceptual underpinnings, measurement and comparative analyses so as to provide guidance to tourism destination management at the regional and local level. Its focus is on three Research Areas:

- Flows of visitors: cross-border and interregional flows, statistical use of administrative records, data from the use of new technologies, measurement and analysis tool, forecast modelling and other accounting tools.
- Tourism and territory: indicator systems (related both to territory and sustainability), Geographic Information Systems (GIS), specific software, and the relation between tourism statistics and the environment.
- Economic contributions: Tourism Satellite Accounts (TSA), other modelling tools (such as Computational General Equilibrium models, Input-Output and econometric models), and employment in tourism industries.

Contributions of INRouTe in these areas should support regional and local tourism destination management in drawing up an agenda for the measurement and economic analysis of tourism to guide policy and decision making. Key topics in this respect are the definition of observation and analytical units, procedures for monitoring and evaluation, and the design of indicator systems.

T.20 economies in general show promising initiatives for developing the measurement and analysis of both tourism employment issues and sub-national considerations. UNWTO would like to stimulate further engagement by world leaders and encourages National Tourism Administrations to seek cooperation with National Statistical Offices, not only at the leadership level but also at the specialist level. Gaining a better understanding of these topics through reliable numbers, exposed relationships and proven effects is vital to start accounting for, and reap the full potential of, tourism in economic and social development.

VII. New Leadership and Some Proposals for Better Information to Support it

Leadership means not only highlighting the importance of tourism in various socio-economic issues but also using this position of strength to take a proactive stance in tailoring policies and development of the tourism sector to enhance the positive effects of tourism while mitigating the negative ones. UNWTO supports the empowerment of National Tourism Authorities (NTAs) in assuming this leadership towards “evidence-based policy” in their respective countries and believes that T.20 NTAs are specifically suited to champion future progress in the analytical foundation of tourism.

Advancing in the design of a more effective and efficient tourism policy framework requires also advancing in a more complete and credible System of Tourism Statistics (STS) to base related initiatives on. Thus, UNWTO is ready to recommend to countries around the world to follow T.20 best practices examples and carve out a place for statistical development and economic analysis within their tourism policy. Realizing that every country faces its own reality, UNWTO understands that the resources allocated to advancing and maintaining such a STS may vary from country to country but stresses the importance of setting a concrete national goal in this respect.

The information system created by national STS, i.e. basic tourism statistics and TSA, should be the foundation for a reliable and accurate national Tourism Information System (TIS). The TIS should also include complementary statistics, non-statistical information, and additional types indicators. This new set of information should be designed for national purposes only. Special attention should be given to the following set of indicators:

- a) **‘early warning’ indicators** could be derived from sources such as credit card records as well as air traffic slot allocation data. Both types of data are administrative information (as arrivals figures are) and some countries have already experience in deriving these indicators which have proved of great interest for analysis. Spain (regarding slot allocation data) and New Zealand (using credit card data to evaluate the production performance of commercial accommodation) are just some examples;
- b) **short-term performance indicators of tourism industries’ turnover and employment** could be derived from administrative records produced by official sources such as fiscal sources and social security schemes. The following document produced by UNWTO provides different examples already in place in OECD countries (<http://www.unwto.org/statistics/sts/strengthening/oecd.pdf>);
- c) **business cycle indicators** could be derived from business tendency surveys. This type of qualitative information (based on answers of staff personnel in some key tourism industries such as accommodation or travel agencies) is widely used in most countries for non-service sectors. UNWTO has identified its application in countries like France, Spain, Canada, Brazil and New Zealand. UNWTO is also using this methodology in its UNWTO World Tourism Barometer through the UNWTO Panel of Experts Confidence Index²⁰;

Consequently, the development by National Tourism Administrations of a **system of indicators for monitoring purposes** should be characterized by an increasingly closer relationship between planning, management and evaluation/control of the effects generated by the adopted strategies, and by a flexible structure capable of being relevant to any development or policy plan.

²⁰ See Annex 7 “Information needs for crisis management: UNWTO initiatives” for a prominent example.

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Annexes

1. Country Data Sheet
2. Least Developed Countries: Macroeconomic International Tourism related Indicators
3. Other Countries (non-T.20, non-LDC): Macroeconomic International Tourism related Indicators 2008
4. Understanding Tourism: Basic Glossary
5. New UNWTO *Compendium of Tourism Statistics*
6. Tourism as part of the national economy
7. Information needs for crisis management: UNWTO initiatives

Annex 1. Data Sheet

Note that this is the model Data Sheet; data available for each T.20 economy is provided to the corresponding representatives.

I. Tourism Satellite Account (TSA)

T.1 Tourism contribution to key aggregates

year	GDP	% direct	..
		% direct + other effects	..
International Trade	% total exports	..	
	% direct	..	
Employment	% direct + other effects	..	

T.2 Explaining tourism expenditure

year	Total	% Inbound tourism	..
		% Domestic tourism	..

T.3 Tourism as an economic sector

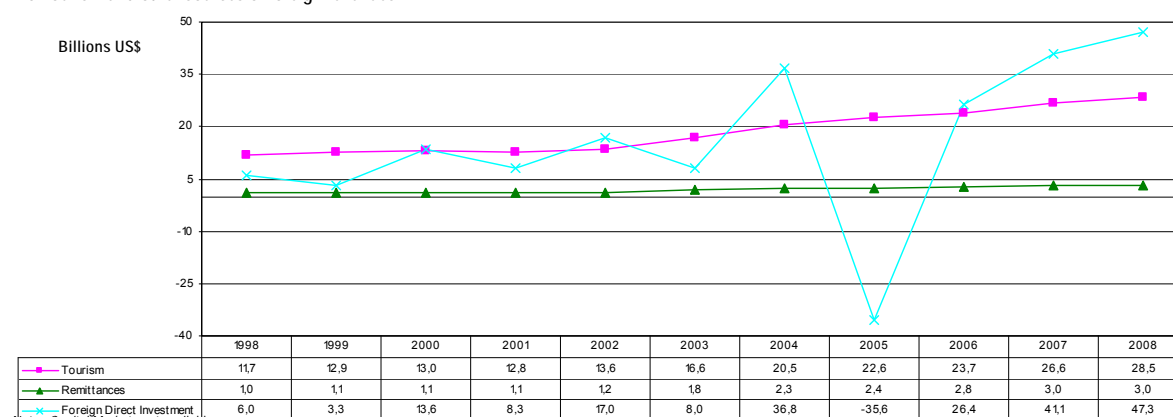
Sectors' Contribution, year							
Agriculture	Manufacturing	Mining, construction, electricity, water, and gas	Chemicals	Food, beverage & tobacco	Machinery & transport	Textiles and cloth	Tourism
..

II. Complementary Macroeconomic Indicators

T.4 Tourism and other export items

Selected items, year (million US\$)								
Tourism	Insurance and Financial Services	Agricultural	Food over Total Exports	Fuels	ICT goods	High Technology	Ores and metals	Manufactures
..

T.5 Tourism and other sources of foreign revenues



T.6 Trans-borders tourism expenditure

% GDP	
2000	..
2001	..
2002	..
2003	..
2004	..
2005	..
2006	..
2007	..
2008	..

III. Tourism Flows

T.7 Tourism flows: basic data	2008	2009
Inbound tourism		
Arrivals / visitors - thousands
Arrivals / tourists - "
Arrivals / guests - "
Tourism expenditure in the country		
(credit) - US\$ Mn
Travel
Passenger transport
Outbound tourism		
Departures - Thousands
Tourism expenditure in other countries		
(debit) - US\$ Mn
Travel
Passenger transport

.. Not available.

Technical notes:

T.1. Note: When available, TSA data are given for the most recent available year(s) as well as for the year corresponding to T.3 (if different).

Source: World Tourism Organization's (UNWTO) *TSA Data Around the World* (June 2009), National Statistical Office sources, Eurostat's *Tourism Accounts in the European Union* (2009) or data made available/updated by country.

T.2. Idem T.1.

T.3. Refers to shares of each sector's Value Added (unless otherwise specified) in Total Value Added (this aggregate is part of but not strictly equal to GDP). Reference year corresponds to latest data available in the sources. Note: as the figure for tourism comes from the TSA and the other sectors' contribution are taken from National Accounts data, they are comparable.

Source for TSA data: World Tourism Organization's (UNWTO) *TSA Data Around the World* (March 2009), National Statistical Office sources, Eurostat's *Tourism Accounts in the European Union* (2009) or data made available/updated by country; Source for National Accounts data: World Bank *World Development Indicators (WDI) 2010* or data made available by country.

T.4. Note: Tourism data correspond to the 'travel' and 'passenger transport' items of the Balance of Payments. Reference year corresponds to the latest data available in the sources.

Source: UNWTO/ECLAC Macroeconomic International Tourism Related Indicators (MITRI) dataset (March 2010) based on Balance of Payments and National Accounts data and jointly compiled by World Tourism Organization (UNWTO) and UN Economic Commission for Latin America and the Caribbean (ECLAC); World Bank *World Development Indicators (WDI) 2010*.

T.5. Idem T.4.

T.6. Refers to 'tourism openness' estimated as inbound plus outbound tourism expenditure over GDP.

Source: UNWTO/ECLAC Macroeconomic International Tourism Related Indicators (MITRI) dataset (March 2010) based on Balance of Payments and National Accounts data and jointly compiled by World Tourism Organization (UNWTO) and UN Economic Commission for Latin America and the Caribbean (ECLAC); World Bank World Development Indicators (WDI) 2010.

T.7. Note: Arrivals / guests refers to non-residents tourists in all type of accommodation establishments.

Source: World Tourism Organization (UNWTO) *Compendium of Tourism Statistics 2010 edition*.

Annex 2. Least Developed Countries (LDC): Macroeconomic International Tourism related Indicators

LDC / Macroeconomic indicators related to international tourism*										
Countries	Inbound tourism expenditure								Tourism balance (inbound minus outbound tourism expenditure)	
	% exports of goods		% exports of services		% exports of goods and services		% of workers' remittances		US\$ Million	
	2005	2008	2005	2008	2005	2008	2005	2008	2005	2008
Afghanistan	..	..	..	..	..	..	..	..	..	..
Angola	0.4	0.5	58.6	89.0	0.4	0.5	..	412.9	-32	-154
Bangladesh	0.8	0.6	6.3	4.7	0.7	0.5	1.8	1.0	-296	..
Benin	18.7	..	55.8	..	14.0	..	78.8	..	50	86
Bhutan	..	..	..	..	..	..	..	..	..	..
Burkina Faso	..	..	..	..	..	..	..	..	-8	..
Burundi	3.1	2.3	5.3	2.4	1.9	1.2	2.657.1	43.8	-60	-96
Cambodia	31.9	29.7	83.0	85.0	23.0	22.0	580.2	747.9	791	1,218
Central African Republic	..	..	..	..	..	..	..	..	-39	-44
Chad	..	..	..	..	..	..	..	..	..	..
Comoros	..	..	..	..	..	..	..	..	14	..
Democratic Republic of the Congo	..	..	..	..	..	..	..	..	..	..
Djibouti	17.9	11.4	2.9	2.6	2.5	2.1	236.8	182.7	..	..
Equatorial Guinea	..	..	..	..	..	..	..	..	..	..
Eritrea	..	..	..	..	..	..	..	..	..	..
Ethiopia	58.2	76.1	52.7	60.4	27.7	33.7	307.5	306.1	..	..
Gambia	56.4	56.6	71.6	67.8	31.5	30.9	100.5	145.6	50	..
Guinea	..	0.2	..	2.2	..	0.2	..	4.0	..	-28
Guinea-Bissau	..	..	..	..	..	..	..	..	..	..
Haiti	18.3	56.9	57.8	81.4	13.9	33.5	8.5	19.8	..	..
Kiribati	..	..	..	..	..	..	..	..	..	..
Lao People's Democratic Republic	..	..	..	..	..	..	..	..	..	..
Lesotho	4.0	3.8	49.7	50.1	3.7	3.5	373.7	509.8	..	..
Liberia	50.8	61.9	31.5	41.6	19.5	24.9	297.0	442.6	..	..
Madagascar	34.7	..	58.2	..	21.8	..	21,315.4	..	210	..
Malawi	..	..	..	..	..	..	..	..	-32	..
Maldives	177.3	192.4	88.8	90.3	59.2	61.5	..	..	..	..
Mali	13.6	..	54.5	..	10.9	..	97.6	..	16	58
Mauritania	..	..	..	..	..	..	..	..	..	..
Mozambique	7.9	8.0	40.2	38.4	6.6	6.6	2,380.9	624.8	-49	-28
Myanmar	2.2	..	32.5	..	2.1	..	96.7	..	51	..
Nepal	17.8	35.8	42.2	48.8	12.5	20.6	14.3	13.7	-61	-192
Niger	9.2	..	50.4	..	7.8	..	97.0	..	2	..
Rwanda	38.2	78.8	37.7	49.6	19.0	30.4	565.0	319.5	..	..
Samoa	663.1	..	70.1	..	63.4	..	..	..	63	..
Sao Tome and Principe	107.8	..	80.0	..	45.9	..	488.0	..	..	..
Senegal	21.2	..	43.0	..	14.2	..	46.6	..	190	..
Sierra Leone	34.9	12.3	81.9	56.1	24.5	10.1	2,725.1	166.9	..	..
Solomon Islands	6.0	..	15.3	..	4.3	..	234.1	..	-5	..

* Tourism data correspond to travel and passenger transport item in Balance of Payment.

Source: Joint World Tourism Organization (UNWTO) and United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) Macroeconomic International Tourism Related Indicators dataset (March 2010).

.. Not available.

LDC / Macroeconomic indicators related to international tourism*										
<u>Countries</u>	Inbound tourism expenditure								Tourism balance (inbound minus outbound tourism expenditure)	
	% exports of goods		% exports of services		% exports of goods and services		% of workers' remittances		US\$ Million	
	2005	2008	2005	2008	2005	2008	2005	2008	2005	2008
Somalia	..	..	..	..	..	..	..	..	..	..
Sudan	1.8	2.8	78.3	67.1	1.8	2.7	8.8	10.7	..	..
Timor-Leste	..	..	..	..	..	..	..	..	..	..
Togo	4.3	..	15.4	..	3.4	..	16.6	..	-15	..
Tuvalu	..	..	..	..	..	..	..	..	..	..
Uganda	37.5	19.7	76.1	73.5	25.1	15.5	118.6	73.5	197	216
United Republic of Tanzania	49.7	44.7	65.8	62.6	28.3	26.1	9.146.5	14.565.9	258	612
Vanuatu	273.9	..	75.2	..	59.0	..	149.114.3	..	91	..
Yemen	2.8	9.9	48.6	73.5	2.7	8.7	14.1	62.8	..	..
Zambia	4.4	2.9	36.0	49.2	3.9	2.8	186.0	214.0	..	..

Annex 3. Other Countries: Macroeconomic International Tourism related Indicators

Other countries / Macroeconomic International Tourism related Indicators 2008*							
Countries	Inbound tourism expenditure					Tourism balance (inbound minus outbound tourism expenditure)	Tourism coverage (inbound over outbound tourism expenditure)
	% GDP	% exports of goods	% exports of services	% exports of goods and services	% current account credits	US\$ Million	%
Albania	..	136,4	74,6	48,2	31,1	205	112,5
Algeria	..	..	..	..	..	-94	76,1
American Samoa	..	..	..	..	..	..	..
Andorra	..	..	..	..	..	..	..
Anguilla	34,8	881,0	83,2	76,0	62,9	..	..
Antigua and Barbuda	27,5	439,4	64,3	56,1	50,0	..	..
Armenia	3,2	33,8	58,3	21,4	9,4	-6	98,4
Aruba	52,0	38,3	83,9	26,3	25,6	1.068	410,4
Austria	5,9	13,6	39,2	10,1	8,3	10.355	174,0
Azerbaijan	..	1,2	24,7	1,2	1,1	-73	83,9
Bahamas	28,6	226,4	85,1	61,9	58,7	1.704	470,4
Bahrain	8,8	11,0	51,5	9,1	6,8	1.223	273,7
Barbados (2006)	32,7	240,9	73,2	56,2	49,9	898	641,0
Belarus	1,0	1,8	13,7	1,6	1,5	-228	71,9
Belgium	2,6	3,5	15,1	2,8	2,2	-8.341	61,0
Belize	20,5	59,0	72,1	32,4	27,7	..	..
Bermuda	..	..	..	..	..	..	..
Bolivia	1,8	4,7	60,4	4,3	3,5	-79	79,3
Bonaire	..	..	..	..	..	..	..
Bosnia and Herzegovina	..	17,7	55,4	13,4	8,3	560	255,6
Botswana	3,9	10,9	58,6	9,2	6,9	25	105,1
British Virgin Islands	..	..	..	..	..	..	..
Brunei Darussalam	..	2,3	28,0	2,1	2,1	..	..
Bulgaria	9,7	21,4	60,4	15,8	13,8	2.250	186,5
Cameroon	..	2,8	10,9	2,2	2,0	-396	29,7
Cape Verde	..	373,0	71,8	60,2	37,0	289	302,1
Cayman Islands	..	..	..	..	..	..	..
Chile	1,6	4,0	24,5	3,4	3,0	748	141,8
Colombia	1,0	6,5	60,4	5,9	5,0	162	106,9
Congo (2007)	0,7	0,9	17,0	0,9	0,9	..	..
Cook Islands	..	..	..	..	..	..	..
Costa Rica	8,5	26,4	61,9	18,5	16,8	1.808	351,8
Côte d'Ivoire	..	1,1	11,3	1,0	1,0	-483	21,1
Croatia	16,8	80,8	77,0	39,4	34,3	10.525	1.010,5
Cuba	..	..	..	..	..	..	..
Curaçao	..	..	..	..	..	175	186,2
Cyprus	13,0	151,3	26,8	22,8	16,8	1.348	171,9
Czech Republic	4,0	6,0	39,3	5,2	4,8	3.484	173,7
Denmark (2004)	2,3	7,5	15,6	5,1	4,4	..	..
Dominica	22,6	222,6	69,5	53,0	42,5	..	..
Dominican Republic	9,2	60,1	84,6	35,1	25,7	..	..
Ecuador	1,4	3,9	56,7	3,6	3,1	-45	94,3
Egypt	..	40,6	48,6	22,1	17,8	8.714	357,1

* Includes all countries except T.20 countries and Least Developed Countries.

Tourism data correspond to travel and passenger transport item in Balance of Payment.

Source: Joint World Tourism Organization (UNWTO) and United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) Macroeconomic International Tourism Related Indicators dataset (March 2010).

.. Not available.

Other countries / Macroeconomic International Tourism related Indicators 2008*							
<u>Countries</u>	Inbound tourism expenditure					Tourism balance (inbound minus outbound tourism expenditure)	Tourism coverage (inbound over outbound tourism expenditure)
	% GDP	% exports of goods	% exports of services	% exports of goods and services	% current account credits	US\$ Million	%
El Salvador	5,3	25,6	78,1	19,3	11,5	471	166,4
Estonia	7,2	13,2	32,1	9,4	8,2	701	174,7
Fiji	..	96,3	84,7	45,1	38,3	701	604,3
Finland	1,8	5,0	15,2	3,8	3,1	-673	87,8
French Guiana	..	..	..	..	..	..	..
French Polynesia	..	369,9	58,8	50,8	22,1	333	180,8
Gabon (2005)	0,2	0,2	9,0	0,2	0,2	-333	3,8
Georgia	3,9	20,8	40,0	13,7	9,5	168	149,9
Ghana	..	18,4	53,9	13,7	10,4	100	111,5
Greece	5,0	60,3	34,8	22,1	17,9	13.640	445,7
Grenada	16,3	343,9	72,1	59,6	45,9	..	..
Guadeloupe	..	..	..	..	..	..	..
Guam	..	..	..	..	..	..	..
Guatemala	2,7	13,6	57,1	11,0	7,0	..	..
Guyana	5,1	7,5	27,9	5,9	3,9	..	..
Honduras	4,3	10,3	68,3	8,9	6,0	201	147,7
Hong Kong, China (2007)	6,6	4,0	16,2	3,2	2,5	..	..
Hungary	4,6	6,6	35,5	5,6	4,9	2.468	153,1
Iceland	5,2	16,3	40,2	11,6	13,2	-226	79,6
Iran, Islamic Republic of (2000)	0,3	3,5	72,4	3,4	3,3	6	100,9
Iraq	..	..	..	..	..	..	..
Ireland	3,7	8,3	9,8	4,5	2,8	-598	94,3
Israel	2,4	8,4	20,0	5,9	4,9	362	108,1
Jamaica	15,9	88,9	79,5	42,0	26,9	1.910	712,2
Jordan	16,7	44,6	80,1	28,6	19,8	2.399	310,4
Kazakhstan	0,9	1,7	28,6	1,6	1,6	-106	92,2
Kenya	4,6	27,7	43,0	16,9	12,8	..	..
Korea, Dem. People's Republic of	..	..	..	..	..	..	..
Kuwait	0,4	0,7	5,4	0,6	0,5	-7.974	7,1
Kyrgyzstan	11,3	30,8	63,5	20,8	13,1	118	126,2
Latvia	3,3	11,8	25,0	8,0	6,2	-116	90,7
Lebanon	25,7	150,9	40,6	32,0	23,4	2.020	147,0
Libyan Arab Jamahiriya	..	0,2	47,9	0,2	0,1	-1.240	7,4
Liechtenstein	..	..	..	..	..	..	..
Lithuania	3,0	5,9	29,2	4,9	4,4	-123	92,0
Luxembourg	8,4	20,9	6,3	4,8	1,5	..	..
Macao, China	79,1	853,1	97,6	87,6	80,4	16.472	2.752,5
Malaysia	8,4	9,3	61,2	8,1	7,6	10.829	240,2
Malta	14,6	38,7	32,6	17,7	10,7	733	252,1
Marshall Islands	..	..	..	..	..	..	..
Martinique	..	..	..	..	..	..	..
Mauritius	19,5	76,0	71,7	36,9	29,5	1.334	372,8
Micronesia, Federated States of	..	..	..	..	..	..	..
Monaco	..	..	..	..	..	..	..
Mongolia (2006)	8,1	16,9	53,8	12,9	11,2	49	123,1
Montenegro	..	..	..	..	..	..	..
Montserrat	..	157,5	47,7	36,6	14,6	..	..
Morocco	10,4	43,7	66,2	26,3	20,3	6.975	465,2
Namibia	..	12,3	69,0	10,4	7,4	..	..
Nauru	..	..	..	..	..	..	..
Netherlands	2,4	3,9	19,4	3,2	2,6	-1.686	92,4

Other countries / Macroeconomic International Tourism related Indicators 2008*							
<u>Countries</u>	Inbound tourism expenditure					Tourism balance (inbound minus outbound tourism expenditure)	Tourism coverage (inbound over outbound tourism expenditure)
	% GDP	% exports of goods	% exports of services	% exports of goods and services	% current account credits	US\$ Million	%
New Caledonia	..	11,2	25,0	7,7	4,1	..	..
New Zealand	4,0	16,4	56,2	12,7	11,6	..	..
Nicaragua	4,3	10,9	69,2	9,4	6,9	..	..
Nigeria	0,3	0,7	32,1	0,7	0,6	-4.188	12,3
Niue	..	..	..	..	..	..	..
Northern Mariana Islands	..	..	..	..	..	..	..
Norway	1,2	3,2	12,1	2,5	2,1	..	..
Oman	..	2,9	56,3	2,8	2,7	-88	92,7
Pakistan	0,6	4,3	22,2	3,6	2,4	-1.177	45,6
Palau	..	..	..	..	..	..	..
Palestine	..	..	..	..	..	..	..
Panama	..	21,4	37,9	13,7	11,9	1.648	394,3
Papua New Guinea (2004)	0,1	0,2	2,9	0,2	0,2	-66	8,2
Paraguay	0,8	1,6	12,1	1,4	1,3	-82	61,0
Peru	1,9	7,6	65,9	6,8	6,0	1.043	177,1
Philippines	3,0	10,3	48,9	8,5	6,2	2.212	179,6
Poland	2,4	7,2	36,1	6,0	5,3	2.148	120,1
Portugal	5,8	24,9	53,2	17,0	12,7	8.764	265,9
Puerto Rico	..	..	..	..	..	1.774	200,7
Qatar	..	..	..	..	..	..	..
Republic of Moldova	4,8	17,5	34,5	11,6	5,6	-56	83,8
Reunion	..	..	..	..	..	..	..
Romania	1,3	5,3	20,4	4,2	3,3	216	109,0
Saba	..	..	..	..	..	..	..
Saint Eustatius	..	..	..	..	..	..	..
Saint Kitts and Nevis	22,0	214,4	70,4	53,0	38,7	..	..
Saint Lucia	30,5	167,4	84,6	56,2	52,0	..	..
Saint Maarten	..	..	..	..	..	..	..
Saint Vincent and the Grenadines	15,1	170,7	63,3	46,2	36,8	..	..
San Marino	..	..	..	..	..	..	..
Serbia	..	..	..	..	..	-322	77,6
Serbia and Montenegro	..	..	..	..	..	..	..
Seychelles (2005)	38,6	76,8	73,0	37,4	35,2	210	455,9
Singapore	5,8	3,1	12,7	2,5	2,2	..	..
Slovakia	3,2	4,3	35,4	3,8	3,5	408	115,7
Slovenia	5,7	10,5	42,0	8,4	7,8	1.548	198,8
Sri Lanka	2,0	9,9	40,1	7,9	6,0	26	103,3
Suriname	..	4,9	29,4	4,2	3,8	48	237,1
Swaziland (2006)	2,7	4,5	26,6	3,9	3,0	21	139,1
Sweden	3,0	7,7	19,9	5,6	4,3	-2.653	84,6
Switzerland	3,5	7,3	22,5	5,5	4,1	4.166	131,1
Syrian Arab Republic (2006)	1,4	20,6	72,3	16,0	14,7	1.528	361,2
Taiwan, Province of China	..	..	..	..	..	-3.554	66,8
Tajikistan	0,5	1,5	13,1	1,4	0,5	..	..
Thailand	8,1	12,5	65,2	10,5	9,9	15.797	335,8
TFYR of Macedonia	2,8	6,6	26,0	5,3	3,9	72	137,9
Tonga (2004)	6,8	67,5	47,7	27,9	9,0	..	..
Trinidad and	2,9	4,6	67,3	4,3	4,2	466	400,6

Other countries / Macroeconomic International Tourism related Indicators 2008*							
<u>Countries</u>	Inbound tourism expenditure					Tourism balance (inbound minus outbound tourism expenditure)	Tourism coverage (inbound over outbound tourism expenditure)
	% GDP	% exports of goods	% exports of services	% exports of goods and services	% current account credits	US\$ Million	%
Tobago (2007)							
Tunisia	..	20,4	65,0	15,5	14,1	3.354	704,3
Turkmenistan	..	..	..	..	..	..	..
Turks and Caicos Islands	..	..	..	..	..	..	..
Ukraine	3,7	9,9	37,6	7,9	7,1	2.137	146,6
United Arab Emirates	..	..	..	..	..	-6.126	53,9
United States Virgin Islands	..	..	..	..	..	..	..
Uruguay	3,8	16,6	53,1	12,6	11,5	693	242,3
Uzbekistan	..	..	..	..	..	..	..
Venezuela	0,3	1,0	45,5	1,0	0,9	-1.582	38,3
Viet Nam	..	..	..	..	..	..	..
Zimbabwe	..	..	..	..	..	..	..

Annex 4. Understanding Tourism: Basic Glossary (*)

The glossary has been made possible thanks to the international community's work on defining a new conceptual framework for measuring and analysing tourism economics; an effort that lasted almost three years (2005/2007). The international consensus that followed, in the form of United Nations approved International Recommendations, establishes the concepts, definitions, classifications and the basic set of data and indicators that should be part of any national System of Tourism Statistics.

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called *visitors* (which may be either *tourists* or *excursionists*; residents or non-residents) and tourism has to do with their activities, some of which imply *tourism expenditure*.

As such, tourism has implications on the economy, on the natural and built environment, on the local population at the destination and on the tourists themselves. Due to these multiple impacts, the wide range and variety of production factors required to produce those goods and services acquired by visitors, and the wide spectrum of stakeholders involved or affected by tourism, there is a need for a holistic approach to tourism development, management and monitoring. This approach is strongly recommended in order to formulate and implement national and local tourism policies as well as the necessary international agreements or other processes in respect of tourism.

Business visitor	<i>A business visitor</i> is a <i>visitor</i> whose main purpose for a tourism trip corresponds to the <i>business and professional</i> category.
Country of reference	The <i>country of reference</i> refers to the country for which the measurement is done. As a general observation, it should be noted that in the <i>International Recommendations 2008</i> : (a) The term “country” can be transposed to a different geographical level using the term “place” instead (either a region, municipality or other subnational geographic location); (b) The term “long-term” is used as the equivalent of a year or more and “short-term” as less than a year.
Country of residence	The <i>country of residence</i> of a household is determined according to the <i>centre of predominant economic interest</i> of its members. If a person resides (or intends to reside) for more than one year in a given country and has there his/her <i>centre of economic interest</i> (for example, where the predominant amount of time is spent), he/she is considered as a <i>resident</i> of this country.
Destination (main destination) of a trip	The <i>main destination of a tourism trip</i> is defined as the place visited that is central to the decision to take the trip. See also <i>purpose of a tourism trip</i> .
Domestic tourism	Comprises the activities of a resident <i>visitor</i> within the country of reference, either as part of a <i>domestic tourism trip</i> or part of an <i>outbound tourism trip</i> .
Economic analysis	Tourism generates directly and indirectly an increase in economic activity in the places visited (and beyond), mainly due to demand for goods and services that need to be produced and provided. In the <i>economic analysis</i> of tourism, one may distinguish between tourism's ‘economic contribution’ which refers to the direct effect of tourism and is measurable by means of the TSA, and tourism's ‘economic impact’ which is a much

* This Annex includes some key concepts and the corresponding definitions as conveyed in the new *IRTS 2008* (<http://www.unwto.org/statistics/irts/irts.htm>). While some of them focus exclusively on the economic measurement of tourism, others (like the key concepts of visitors –including tourists and excursionists–, trip, usual environment, forms of tourism, etc.) are also applicable to other areas of analysis and research.

broader concept encapsulating the direct, indirect and induced effects of tourism and which must be estimated by applying models.

Economic impact studies aim to quantify economic benefits, that is, the net increase in the wealth of residents resulting from tourism, measured in monetary terms, over and above the levels that would prevail in its absence.

Employment in tourism industries

Employment in tourism industries may be measured as a count of the persons employed in *tourism industries* in any of their jobs, as a count of the persons employed in *tourism industries* in their main job, as a count of the jobs in *tourism industries*, or as full-time equivalent figures.

Excursionist (or same-day visitor)

A *visitor (domestic, inbound or outbound)* is classified as a *same-day visitor (or excursionist)* if his/her *trip* does not include an overnight stay.

Forms of tourism

There are three basic forms of tourism: *domestic tourism*, *inbound tourism*, and *outbound tourism*. These can be combined in various ways to derive the following additional forms of tourism: *internal tourism*, *national tourism* and *international tourism*.

Inbound tourism

Comprises the *activities* of a non-resident *visitor* within the country of reference on an *inbound tourism trip*.

Internal tourism

Internal tourism comprises *domestic tourism* plus *inbound tourism*, that is to say, the *activities* of *resident* and *non-resident visitors* within the *country of reference* as part of *domestic* or *international tourism trips*.

International tourism

International tourism comprises *inbound tourism* plus *outbound tourism*, that is to say, the *activities* of *resident visitors* outside the *country of reference*, either as part of *domestic* or *outbound tourism trips* and the *activities* of *non-resident visitors* within the *country of reference* on *inbound tourism trips*.

Meetings industry

To highlight purposes relevant to the *meetings industry*, if a trip's main purpose is business/professional, it can be further subdivided into "attending meetings, conferences or congresses, trade fairs and exhibitions" and "other business and professional purposes".

The term *meetings industry* is preferred by the International Congress and Convention Association (ICCA), Meeting Professionals International (MPI) and Reed Travel over the acronym *MICE* (Meetings, Incentives, Conferences and Exhibitions) which does not recognize the industrial nature of such activities.

MICE

See *meetings industry*.

National tourism

National tourism comprises *domestic tourism* plus *outbound tourism*, that is to say, the *activities* of *resident visitors* within and outside the *country of reference*, either as part of *domestic* or *outbound tourism trips*.

Outbound tourism

Comprises the *activities* of a resident *visitor* outside the country of reference, either as part of an *outbound tourism trip* or as part of a *domestic tourism trip*.

Place of usual residence

The *place of usual residence* is the geographical place where the enumerated person usually resides, and is defined by the location of his/her principal dwelling (Principles and recommendations for population and housing censuses of the United Nations, ¶¶2.20 to 2.24).

Purpose of a tourism trip (main)

The *main purpose* of a *tourism trip* is defined as the purpose in the absence of which the *trip* would not have taken place. Classification of *tourism trips* according to the *main purpose* refers to nine categories: this typology allows the identification of different subsets of *visitors* (business visitors, transit visitors, etc). See also *destination of a tourism trip*

Tourism expenditure *Tourism expenditure* refers to the amount paid for the acquisition of consumption goods and services, as well as valuables, for own use or to give away, for and during tourism trips.

Tourism industries *Tourism industries* (also referred to as *tourism activities*) are the activities that typically produce *tourism characteristic products*.

Tourism characteristic products are those that satisfy one or both of the following criteria:

- (a) *Tourism expenditure* on the product (either good or service) should represent a significant share of total *tourism expenditure* (share-of-expenditure/demand condition);
- (b) *Tourism expenditure* on the product should represent a significant share of the supply of the product in the economy (share-of-supply condition). This criterion implies that the supply of a *tourism characteristic product* would cease to exist in meaningful quantity in the absence of visitors.

List of categories of tourism characteristic products and tourism industries

Products	Industries
1. Accommodation services for visitors	1. Accommodation for visitors
2. Food and beverage serving services	2. Food and beverage serving activities
3. Railway passenger transport services	3. Railway passenger transport
4. Road passenger transport services	4. Road passenger transport
5. Water passenger transport services	5. Water passenger transport
6. Air passenger transport services	6. Air passenger transport
7. Transport equipment rental services	7. Transport equipment rental
8. Travel agencies and other reservation services	8. Travel agencies and other reservation services activities
9. Cultural services	9. Cultural activities
10. Sports and recreational services	10. Sports and recreational activities
11. Country-specific tourism characteristic goods	11. Retail trade of country-specific tourism characteristic goods
12. Country-specific tourism characteristic services	12. Other country-specific tourism characteristic activities

Tourism Satellite Account (TSA) The *Tourism Satellite Account* (described in the *Tourism Satellite Account: Recommended Methodological Framework 2008*) is, besides the *International Recommendations for Tourism Statistics 2008*, the second international recommendation on tourism statistics that has been developed in a framework of consistency with the System of National Accounts. Both recommendations are mutually consistent and provide the conceptual framework for measuring and analyzing tourism as an economic activity.

As a statistical tool for the economic accounting of tourism, the TSA can be seen as a set of 10 summary tables, each with their underlying data and representing a different aspect of the economic data relative to tourism: inbound, domestic tourism and outbound tourism expenditure, internal tourism expenditure, production accounts of tourism industries, the Gross Value Added (GVA) and Gross Domestic Product (GDP) attributable to tourism demand, employment, investment, government consumption, and non-monetary indicators.

Tourism sector The tourism sector, as contemplated in the TSA, is the cluster of production units in different industries that provide consumption goods and services demanded by visitors. Such industries are called *tourism industries* because visitor acquisition represents such a significant share of their supply that, in the absence of visitors, their production of these would cease to exist in meaningful quantity.

Tourist (or overnight visitor) A *visitor (domestic, inbound or outbound)* is classified as a *tourist (or overnight visitor)*, if his/her *trip* includes an overnight stay.

Travel / tourism	<i>Travel</i> refers to the activity of travellers. A traveller is someone who moves between different geographic locations, for any purpose and any duration. The visitor is a particular type of traveller and consequently tourism is a subset of travel.
Travel party	A <i>travel party</i> is defined as <i>visitors</i> travelling together on a <i>trip</i> and whose expenditures are pooled.
Trip	A <i>trip</i> refers to the travel by a person from the time of departure from his/her usual residence until he/she returns: it thus refers to a round trip. Trips taken by visitors are tourism trips.
Usual environment	The <i>usual environment</i> of an individual, a key concept in <i>tourism</i> , is defined as the geographical area (though not necessarily a contiguous one) within which an individual conducts his/her regular life routines.
Vacation home	A <i>vacation home</i> (sometimes also designated as a holiday home) is a secondary dwelling that is visited by the members of the household mostly for purposes of recreation, vacation or any other form of leisure.
Visit	A <i>trip</i> is made up of visits to different places. The term <i>tourism visit</i> refers to a stay in a place visited during a <i>tourism trip</i> .
Visitor	A <i>visitor</i> is a traveller taking a <i>trip</i> to a main destination outside his/her <i>usual environment</i> , for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited. A <i>visitor</i> (<i>domestic, inbound</i> or <i>outbound</i>) is classified as a <i>tourist</i> (or <i>overnight visitor</i>), if his/her <i>trip</i> includes an overnight stay, or as a same-day <i>visitor</i> (or <i>excursionist</i>) otherwise.

Annex 5. New Structure of UNWTO Compendium of Tourism Statistics (*)

Basic data and indicators	Notes	Units	2005	2006	2007	2008	2009
1. INBOUND TOURISM							
Data							
Arrivals	(1)(2)						
1.1 Total		('000)	..	..	..	..	..
1.2 ♦ Overnight visitors (tourists)		('000)	..	..	..	..	..
1.3 ♦ Same-day visitors (excursionists)	(3)	('000)	..	..	..	..	..
1.4 * of which, cruise passengers		('000)	..	..	..	..	..
Arrivals by region	(1)(2)						
1.5 Total		('000)	..	..	..	..	..
1.6 ♦ Africa		('000)	..	..	..	..	..
1.7 ♦ Americas		('000)	..	..	..	..	..
1.8 ♦ East Asia and the Pacific		('000)	..	..	..	..	..
1.9 ♦ Europe		('000)	..	..	..	..	..
1.10 ♦ Middle East		('000)	..	..	..	..	..
1.11 ♦ South Asia		('000)	..	..	..	..	..
1.12 ♦ Other not classified		('000)	..	..	..	..	..
1.13 * of which, nationals residing abroad		('000)	..	..	..	..	..
Arrivals by main purpose	(1)(2)						
1.14 Total		('000)	..	..	..	..	..
1.15 ♦ Personal		('000)	..	..	..	..	..
1.16 * holidays, leisure and recreation		('000)	..	..	..	..	..
1.17 * other personal purposes		('000)	..	..	..	..	..
1.18 ♦ Business and professional		('000)	..	..	..	..	..
Arrivals by mode of transport	(1)(2)						
1.19 Total		('000)	..	..	..	..	..
1.20 ♦ Air		('000)	..	..	..	..	..
1.21 ♦ Water		('000)	..	..	..	..	..
1.22 ♦ Land		('000)	..	..	..	..	..
1.23 * railway		('000)	..	..	..	..	..
1.24 * road		('000)	..	..	..	..	..
1.25 * others		('000)	..	..	..	..	..
Arrivals by form of organization of the trip							
1.26 Total		('000)	..	..	..	..	..
1.27 ♦ Package tour		('000)	..	..	..	..	..
1.28 ♦ Other forms		('000)	..	..	..	..	..
Accommodation							
Total							
1.29 ♦ Guests		('000)	..	..	..	..	..
1.30 ♦ Overnights		('000)	..	..	..	..	..
Hotels and similar establishments	(4)						
1.31 ♦ Guests		('000)	..	..	..	..	..
1.32 ♦ Overnights		('000)	..	..	..	..	..
Expenditure							
1.33 Total		US\$ Mn	..	..	..	..	..
1.34 ♦ Travel		US\$ Mn	..	..	..	..	..
1.35 ♦ Passenger transport		US\$ Mn	..	..	..	..	..
Expenditure by main purpose of the trip							
1.36 Total		US\$ Mn	..	..	..	..	..
1.37 ♦ Personal		US\$ Mn	..	..	..	..	..
1.38 ♦ Business and professional		US\$ Mn	..	..	..	..	..
Indicators							
1.39 Average size of travel party		Persons	..	..	..	..	..
Average length of stay							
1.40 Total		Days	..	..	..	..	..
1.41 ♦ For all market accommodation services		Nights	..	..	..	..	..
1.42 * of which, "hotels and similar establishments"		Nights	..	..	..	..	..
1.43 ♦ For non market accommodation services		Days	..	..	..	..	..
1.44 Average expenditure per day		US\$	..	..	..	..	..

(*) UNWTO has started requesting a more comprehensive set of data and indicators for the *Compendium of Tourism Statistics* to be distributed from 2011 onwards. Items highlighted indicate such a new set of information.

Basic data and indicators	Notes	Units	2005	2006	2007	2008	2009
2. DOMESTIC TOURISM							
Data							
Trips							
2.1 Total		('000)	..	..	..	..	..
2.2 ♦ Overnight visitors (tourists)		('000)	..	..	..	..	..
2.3 ♦ Same-day visitors (excursionists)		('000)	..	..	..	..	..
Trips by main purpose							
2.4 Total		('000)	..	..	..	..	..
2.5 ♦ Personal		('000)	..	..	..	..	..
2.6 * holidays, leisure and recreation		('000)	..	..	..	..	..
2.7 * other personal purposes		('000)	..	..	..	..	..
2.8 ♦ Business and professional		('000)	..	..	..	..	..
Trips by mode of transport							
2.9 Total		('000)	..	..	..	..	..
2.10 ♦ Air		('000)	..	..	..	..	..
2.11 ♦ Water		('000)	..	..	..	..	..
2.12 ♦ Land		('000)	..	..	..	..	..
2.13 * railway		('000)	..	..	..	..	..
2.14 * road		('000)	..	..	..	..	..
2.15 * others		('000)	..	..	..	..	..
Trips by form of organization							
2.16 Total		('000)	..	..	..	..	..
2.17 ♦ Package tour		('000)	..	..	..	..	..
2.18 ♦ Other forms		('000)	..	..	..	..	..
Accommodation							
Total							
2.19 ♦ Guests		('000)	..	..	..	..	..
2.20 ♦ Overnights		('000)	..	..	..	..	..
Hotels and similar establishments							
2.21 ♦ Guests		('000)	..	..	..	..	..
2.22 ♦ Overnights		('000)	..	..	..	..	..
Indicators							
2.23 Average size of travel party		Persons	..	..	..	..	..
Average length of stay							
2.24 Total		Days	..	..	..	..	..
2.25 ♦ For all market accommodation services		Nights	..	..	..	..	..
2.26 * of which, "hotels and similar establishments"		Nights	..	..	..	..	..
2.27 ♦ For non market accommodation services		Days	..	..	..	..	..
2.28 Average expenditure per day		US\$	..	..	..	..	..
3. OUTBOUND TOURISM							
Data							
Departures							
3.1 Total		('000)	..	..	..	..	..
3.2 ♦ Overnight visitors (tourists)	(2)(5)	('000)	..	..	..	..	..
3.3 ♦ Same-day visitors (excursionists)		('000)	..	..	..	..	..
Expenditure							
3.4 Total		US\$ Mn	..	..	..	..	..
3.5 ♦ Travel		US\$ Mn	..	..	..	..	..
3.6 ♦ Passenger transport		US\$ Mn	..	..	..	..	..
Expenditure by main purpose of the trip							
3.7 Total		US\$ Mn	..	..	..	..	..
3.8 ♦ Personal		US\$ Mn	..	..	..	..	..
3.9 ♦ Business and professional		US\$ Mn	..	..	..	..	..
Indicators							
3.10 Average length of stay		Days	..	..	..	..	..
3.11 Average expenditure per day		US\$	..	..	..	..	..

Basic data and indicators	Notes	Units	2005	2006	2007	2008	2009
4. TOURISM INDUSTRIES							
Data							
Number of establishments							
4.1		Units	..	..	..	..	..
4.2	◆ Accommodation for visitors	Units	..	..	..	..	..
4.3	* of which, "hotels and similar establishments"	Units	..	..	..	..	..
4.4	◆ Food and beverage serving activities	Units	..	..	..	..	..
4.5	◆ Passenger transportation	Units	..	..	..	..	..
4.6	◆ Travel agencies and other reservation services activities	Units	..	..	..	..	..
4.7	◆ Other tourism industries	Units	..	..	..	..	..
Accommodation for visitors in hotels and similar establishments							
Monetary data							
4.8	◆ Output	US\$ Mn	..	..	..	..	..
4.9	◆ Intermediate consumption	US\$ Mn	..	..	..	..	..
4.10	◆ Gross value added	US\$ Mn	..	..	..	..	..
4.11	◆ Compensation of employees	US\$ Mn	..	..	..	..	..
4.12	◆ Gross fixed capital formation	US\$ Mn	..	..	..	..	..
Non-monetary data							
4.13	◆ Number of establishments	Units	..	..	..	..	..
4.14	◆ Number of rooms	Units	..	..	..	..	..
4.15	◆ Number of bed-places	Units	..	..	..	..	..
Indicators							
4.16	Occupancy rate / rooms	Percent	..	..	..	..	..
4.17	Occupancy rate / bed-places	Percent	..	..	..	..	..
4.18	Average length of stay	Nights	..	..	..	..	..
4.19	Available capacity (bed-places per 1000 inhabitants)	Percent	..	..	..	..	..
Travel agencies and other reservation service activities							
Monetary data							
4.20	◆ Output	US\$ Mn	..	..	..	..	..
4.21	◆ Intermediate consumption	US\$ Mn	..	..	..	..	..
4.22	◆ Gross value added	US\$ Mn	..	..	..	..	..
4.23	◆ Compensation of employees	US\$ Mn	..	..	..	..	..
4.24	◆ Gross fixed capital formation	US\$ Mn	..	..	..	..	..
Non-monetary data							
◆ Domestic trips							
4.25	* with package tour	Percent	..	..	..	..	..
4.26	* without package tour	Percent	..	..	..	..	..
◆ Inbound trips							
4.27	* with package tour	Percent	..	..	..	..	..
4.28	* without package tour	Percent	..	..	..	..	..
◆ Outbound trips							
4.29	* with package tour	Percent	..	..	..	..	..
4.30	* without package tour	Percent	..	..	..	..	..

Basic data and indicators	Notes	Units	2005	2006	2007	2008	2009
5. EMPLOYMENT							
Data							
Number of employees by tourism industries							
5.1 Total		('000)	..	..	..	..	..
5.2 ♦ Accommodation services for visitors (hotels and similar establishments)		('000)	..	..	..	..	..
5.3 ♦ Other accommodation services		('000)	..	..	..	..	..
5.4 ♦ Food and beverage serving activities		('000)	..	..	..	..	..
5.5 ♦ Passenger transportation		('000)	..	..	..	..	..
5.6 ♦ Travel agencies and other reservation services activities		('000)	..	..	..	..	..
5.7 ♦ Other tourism industries		('000)	..	..	..	..	..
Number of jobs by status in employment							
5.8 Total		('000)	..	..	..	..	..
5.9 ♦ Employees		('000)	..	..	..	..	..
5.10 ♦ Self employed		('000)	..	..	..	..	..
Indicators							
Number of full-time equivalent jobs by status in employment							
5.11 Total		('000)	..	..	..	..	..
5.12 ♦ Employees		('000)	..	..	..	..	..
5.13 * male		('000)	..	..	..	..	..
5.14 * female		('000)	..	..	..	..	..
5.15 ♦ Self employed		('000)	..	..	..	..	..
5.16 * male		('000)	..	..	..	..	..
5.17 * female		('000)	..	..	..	..	..
6. COMPLEMENTARY INDICATORS							
Demand							
6.1 Gross travel propensity		Units	..	..	..	..	..
6.2 Carrying capacity (arrivals/population)		Units	..	..	..	..	..
Macroeconomic indicators related to international tourism							
6.3 Inbound tourism expenditure over GDP		Percent	..	..	..	..	..
6.4 Outbound tourism expenditure over GDP		Percent	..	..	..	..	..
6.5 Tourism balance (inbound minus outbound tourism expenditure) over GDP		Percent	..	..	..	..	..
6.6 Tourism openness (inbound plus outbound tourism expenditure) over GDP		Percent	..	..	..	..	..
6.7 Tourism coverage (inbound over outbound tourism expenditure)		Percent	..	..	..	..	..
6.8 Inbound tourism expenditure over exports of goods		Percent	..	..	..	..	..
6.9 Inbound tourism expenditure over exports of services		Percent	..	..	..	..	..
6.10 Inbound tourism expenditure over exports of goods and services		Percent	..	..	..	..	..
6.11 Inbound tourism expenditure over current account credits		Percent	..	..	..	..	..
6.12 Outbound tourism expenditure over imports of goods		Percent	..	..	..	..	..
6.13 Outbound tourism expenditure over imports of services		Percent	..	..	..	..	..
6.14 Outbound tourism expenditure over imports of goods and services		Percent	..	..	..	..	..
6.15 Outbound tourism expenditure over current account debits		Percent	..	..	..	..	..
6.16 Inbound tourism expenditure over workers' remittances		Percent	..	..	..	..	..

Annex 6. Tourism as part of the national economy

The National Account framework builds on Keynesian backgrounds in which tourism was absent. In such a framework, the most familiar definition of total output in a economy (GDP) is linked to the demand side approach in terms of the goods and services account.

Uses		Resources	
Intermediate consumption	1883	Output	3604
Final consumption expenditure	1399	Imports	499
Households	1058	Adjustments:	
Governments	341	Taxes on products	141
Investments	414	Subsidies on products (-)	-8
Exports	540		
<i>Total uses</i>	<i>4236</i>	<i>Total resources</i>	<i>4236</i>

Notes:

- Output: refers to all kind of goods and services produced (in National Accounts terminology, “products” refers both to goods and services).
- Intermediate consumption: refers to goods and services used up in the course of production within the accounting period.
- Final consumption expenditure: consist of goods and services used by individual households or the community (mainly by government) to satisfy their individual or collective needs or wants. By their nature, collective services (referred in economic theory as “public goods”), cannot be sold to individuals on the market.
- Gross fixed Investment: the activity of gross fixed capital formation (the term used in National Accounts) , like intermediate consumption, is restricted to units in their capacity as producers, being defined as the value of their acquisition less disposals of fixed assets (those that can be used repeatedly or continuously in production over more than one year –such as machinery, equipment, buildings or other structures-).

An alternative way of presenting such flow of uses and resources in a national economy is to identify total output (GDP) in terms of the following identity:

$$O = C + I + (X - M),$$

where O: Total output, C: Consumption, I: Investments, X: Exports and M: Imports.

Note that (X-M) equals net exports, also referred to as the trade balance. Sometimes, such a balance is negative.

This supply-equals-demand principle is fundamental in the 2008 SNA: “goods and services produced in the economy must be consumed, used for capital formation (investment) or exported while all goods and services used within an economy must be produced in the economy or imported”.

Now assume a world with visitors (either tourists or excursionists; residents or non-residents) who acquire goods and services on their trips. Remember that each of the three forms of tourism (inbound, outbound and domestic) has tourism related expenditure; consequently, these expenditures are embedded in X, M and C, correspondingly. Also tourism collective consumption (specially in countries with a significant development of welfare initiatives for specific population segments –like elderly-) and gross fixed capital formation associated with the tourism industries are in the corresponding National Account aggregates.

This is precisely the aim of the TSA: to identify the so called direct contribution of tourism in each of these five components that account for the total production of goods and services in the national economy, being the direct contribution of tourism to GDP the result of all of them.

Annex 7. Information Needs for Crisis Management: UNWTO Initiatives

1. UNWTO is the UN specialized Agency for tourism and its members are National Tourism Administrations as well as a significant number of private and public stakeholders of the tourism sector worldwide (integrated as Affiliate Members). This is clearly an exception in the constituencies of Intergovernmental Organizations and makes the difference of UNWTO vis-à-vis the rest of UN System Agencies.
2. Since the terrorist attack of 11 September 2001, a quite significant number of external shocks hit the tourism sector in different parts of the world. The magnitude of these highlighted once again the volatility of tourism as a social phenomena and the recognition that tourism is playing an increasing role in national economies of all type of countries.
3. Well before the Global Impact Vulnerability Alert System (GIVAS) was created (as an agreement after the G20 Summit of 2 April 2009), UNWTO developed in May 2003 a Business Tendency Survey (named UNWTO Panel of Tourism Experts and integrated by more than 300 specialists from over 100 countries) in order to provide high frequency indicators to keep track of actual performance of international tourism, as well as perceived short-term prospects to be compared over time.
4. The creation of the Tourism Resilience Committee in October 2008 (when the impact of the Global Economic Crisis on Tourism became evident), has once again proved how useful the UNWTO Tourism Confidence Index –based on the results of an email survey answered by the panellists- is.

The UNWTO Tourism Confidence Index

The UNWTO *Tourism Confidence Index* is based on the results of an email survey conducted by the UNWTO Secretariat among selected representatives of public and private sector organizations participating in the UNWTO *Panel of Tourism Experts*. The survey has been repeated every four months since May 2003 in order to keep track of actual performance, as well as perceived short-term prospects, of the tourism sector. This allows performance and prospects to be compared over time, as well as providing a comparison of the actual performance of the past four months with prospects forecast for the same period four months earlier. Results are also broken down by region and by sector of activity. These breakdowns should, however, be interpreted with caution as they may in some cases be based only on a relatively small number of responses.

The UNWTO Secretariat's aim is to continuously expand and improve the Panel sample. Experts interested in participating in the survey, in particular from countries still not included in the listing, are kindly invited to send an email to <barom@unwto.org>.

How to read this data

For the UNWTO *Tourism Confidence Index* members of the UNWTO Panel of Tourism Experts are asked once every four months by email to answer the following two simple questions:

- *What is your assessment of tourism performance in your destination or business for the four months just ended (or about to end) as against what you would reasonably expect for this time of year?*

- *What are the tourism prospects of your destination or business in the coming four months compared with what you would reasonably expect for this time of year?*

Participants should select one of the following five options: much worse [0]; worse [50], equal [100]; better [150], much better [200]. Results are averaged and broken down by region and by activity. A value above

100 means that the number of participants who evaluate the situation as “better” or “much better”, outnumber the participants who reply “worse” or “much worse”.

In addition, participants are also invited to include a qualitative assessment in their own words. The analysis contained in the *UNWTO World Tourism Barometer* is in large part based on their comments.

5. As a complementary information, also arrival figures (most countries have monthly data) is a well known indicator for international tourism but nevertheless, the international recognition of the suitability of arrival figures (as well of slot allocation data in the case of air traffic) as high frequency indicators came in the context of the present crisis context. As known, the UNSD has organized, in line with the agreements of G20 Summit of 2 April 2009 regarding “the establishment of an effective mechanism to monitor the impact of the present crisis”, three International Seminars (in Ottawa, Scheveningen and Durham, respectively) being one of the key topics “the availability , periodicity and timeliness high frequency statistics in accessible and analytical useful formats allowing their use in the early detection of turning points of financial and economic trends”. For the first time, the Ottawa template for a set of 12 high frequency indicators includes “tourist arrivals” between the set “Production and turnover” of national and regional economies.

Set 2 Production and turnover	
2.1	Production index for industry, by major division (mining, manufacturing, electricity, water, etc.)
2.2	Production index for construction
2.3	Turnover index for retail trade by major division
2.4	Turnover index for industry by major division
2.5	Turnover index for other services by major division (excluding financial services and non-commercial services)
2.6	New orders index for industry by major ISIC division (for those that work on order)
2.7	New orders index for construction (building permits or housing starts)
2.8	Commodity production (as relevant at country level data on commodity productions and other indicators of economic activity)
	Agricultural products
	Minerals
	New car registrations/sales
	New commercial vehicle registrations/sales
	Tourist arrivals

6. In this context, UNWTO is strongly supporting the need for setting up a set of short-term indicators of special interest for key stakeholders of the tourism sector based on administrative records as well as statistical surveys that need not qualify as official data. Our own experience as well as other shared with leading countries regarding statistical development in tourism has shown that Business Tendency Surveys, improvements in arrival figures (both in terms of the way they are obtained and the usefulness to complement them with border surveys), slot allocation data (as an air traffic leading indicator) and credit card records should be the basic sources to provide complementary indicators demanded by key tourism stakeholders in terms of the follow up of short term performance of the sector.