Annex 20. Adapting the Tourism Satellite Account at the Subnational levels

Tourism in a country is unevenly “localized” in the national territory, from the perspective of both demand and supply. Consequently, it generates additional demand at the different territorial levels that needs to be measured using reliable and suitable tourism statistics for decision-making by public and private stakeholders, within a framework of coherence and compatibility with national and regional statistics.

The territorial localization of tourism is a necessity from both the regional and national perspectives, and, consequently, the regional development of the systems of tourism statistics of a country is obligatory. Its implementation will depend on the priority that is given to one of the following two approaches: an interregional or regionalization approach, or a regional approach. International Recommendations for Tourism Statistics 2008 addresses the specific issues related to establishing tourism statistics covering different geographical environments and the need for definitions and concepts to adjust to such new venues, particularly the usual environment, the definition of the different categories of visitors, and the existence of different procedures to relate tourism statistics at other geographical levels with national tourism statistics (see IRTS 2008, chap. 8.C).

There are various reasons for encouraging discussion on how the Tourism Satellite Account can be adapted to the subnational level:

- The worldwide trend towards a certain degree of decentralization of political power and, more especially, the decentralized management of national resources in federal states, regions, municipalities, etc., which, in order to allocate and monitor those resources effectively, needs more and better integrated regional and local information;
- The multifaceted nature of tourism activities, which can potentially benefit rural areas seeking to diversify, as well as areas overlooked so far as the prevailing production model is concerned;
- The unequal geographical distribution and characteristics of tourism activity within the national territory, from the standpoint of both demand and supply, leading to additional requirements for tourism statistics at the various territorial levels;
- The growing interest of tourism-related businesses in learning about the interrelation of their activity with others and its main determinants and seasonal cycles;
- The necessity of improving the allocation of resources in national and local economies, which can only be achieved by upgrading quantitative references and measuring economic impacts.

There are two possible approaches to this adaptation:

- The interregional approach, which would be common to all the regions of the national territory and based on and intimately linked to the System of National Accounts. It is an approach that relies on the existence of a national Tourism Satellite Account and the availability in each region of uniform tourism information for each of the tables and aggregates to be regionalized;
- The regional approach, which would entail the development of a specific Tourism Satellite Account for any given region, in which specific situations and differentials may also be identified for important sub-regional territories, provided there is sufficient information on them.

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50 This Annex reproduces TSA:RMF 2008 Annex 7
For either of these approaches, the first thing to note is that no conceptual framework exists at regional level equivalent to that of the System of National Accounts: the System of National Accounts 2008 does not define a specific framework for regional accounting, nor are the general statistical systems of most countries designed for this purpose. When the national accounts speak of regional accounts, they refer to a table or set of aggregates but never to a set of associated accounts developed to a similar degree. This is due not only to observation difficulties, which are many owing to the non-existence of border controls in these territories, but also to the fact that many national accounting concepts are not directly applicable at subnational level.

Only in the European System of Accounts (ESA-2000 is an adaptation of the System of National Accounts 2008) is there a simplified scheme of regional accounts, which owes its existence to the regional policy applied by the European Union for the distribution of structural and other funds.

At present, for neither of the two approaches (interregional or strictly regional) nor for each and every region in most countries is it possible to make a strict identification of tourism activity in terms of the scheme used in the design of the System of National Accounts 2008 and the Tourism Satellite Account, whose formal representation is a body of interconnected accounts and accounting aggregates. There are three main reasons for this:

- Not all tourism variables (for instance, trips, residence and forms of tourism) are additive or easily transportable from the national environment to the subnational level; the same applies to other variables, such as the export and import of goods and services;
- Some activities cannot, strictly speaking, be regionalized (auxiliary activities of multiregional units and central government services related to tourism), and for others, such as the interregional transport of passengers and tour operator and travel agency services (more specifically, the disaggregation of the tourism package), measurement is even more complicated than at the national level; and
- The enormous amount of statistical information required because, although officially there are administrative boundaries separating the regions, there is free movement of people, goods, services, capital, etc., which means that no instruments are in place for monitoring flows to and from the region.

Nevertheless, the greatest restrictions occur on the demand side, both because of the requirement to adapt the conceptual framework of the Tourism Satellite Account (the definitions of such concepts as usual environment, residence, forms of tourism, trips and purpose of the trip are the most significant examples) and because of the complexity and cost of capturing the corresponding data.

Among statisticians and national accountants in particular, the first option (interregional) corresponds to what is known as the "top-down" approach, whereas the second (regional) is known as the "bottom-up" approach.

It should be noted that the top-down approach provides a set of regional estimates that adds up to the national Tourism Satellite Account totals and can be interpreted as shares of those totals and are comparable to one another, while the bottom-up approach is likely to produce a set of regional estimates that adds up to greater than the national Tourism Satellite Account totals and can only fairly be compared to one another.