

**Strengthening the Capacity of
National Authorities and Regional Organisations
in respect of Services Statistics**

Situational Assessment

Final Report

Annex VII

1. Tourism Satellite Accounts and EBOPS

(reproduced from the Manual on Statistics of International Trade in Services)

2. Tourism Characteristic Products and EBOPS component
(WTO-draft)

1. Tourism Satellite Accounts (TSA) and EBOPS

This Annex briefly outlines the nature and purpose of the *Tourism Satellite Account (TSA)*, as referred to in the publication *Tourism Satellite Account: Recommended Methodological Framework*¹, which has been jointly developed by Eurostat, OECD, the United Nations, and the World Tourism Organization and describes the relationship between the travel component of the EBOPS classification included in this *Manual* and the concept of tourism as included in the TSA. It also discusses breakdowns of tourism expenditure and their potential relevance to trade agreements. In the context of this *Manual*, the TSA provides an alternative potential source of data that might be used to estimate a more detailed breakdown of travel services as defined in Chapter III herein.

Tourism Satellite Account: An overview

This section, which draws from the introduction to the TSA, provides a brief overview of the nature and purpose of a tourism satellite account, which is much broader than any measurement of international tourism that may be derived from the balance of payments or from this *Manual*.

Tourism has grown substantially over the last quarter of a century as an economic and social phenomenon. However, statistical information on the nature, progress, and consequences of tourism has often been based on arrivals and overnight stay statistics as well as other balance of payments data that do not fully capture the whole economic phenomenon of tourism. Consequently, governments, businesses, and citizens may not receive the most accurate information necessary for effective public policies and efficient business operations. The TSA states that information on the role tourism plays in national economies throughout the world is deficient, and more credible data concerning the scale and significance of tourism are needed.

In the past, the description of tourism focused on the characteristics of visitors, the conditions in which they travelled and stayed, the purpose of visit, and so forth. Now there is an increasing awareness of the role that tourism is playing and can play, directly, indirectly, or through induced effects, in the economy in terms of generation of value added, employment, personal income, and government income. This awareness has led to the development of techniques for measuring tourism's economic impact. These developments have now been pulled together in the internationally comparable framework of the TSA.

The 1993 SNA provides concepts, definitions, classifications, accounting rules, accounts, and tables to present a comprehensive, integrated framework for the estimation of production, consumption, capital investment, income, stocks, flows of financial and non-financial capital, and other related economic variables. Within this framework, a detailed analysis of a specific type of demand such as that related to tourism can be presented in an interface with the supply of these goods and services within an economy.

¹ *Tourism Satellite Account: Recommended Methodological Framework* (United Nations publication – sales no. E.01/XVII.9 – ST/ESA/STAT/SER.F/80 – 2001), jointly prepared by the World Tourism Organization, Eurostat, OECD, and UN.

The *TSA* focuses on the concept of the *visitor* and on measuring his or her demand for goods and services. However, *visitor* consumption is not restricted to a set of predefined goods and services produced by a predefined set of industries. What makes tourism special is not so much what is acquired, but the temporary situation in which the consumer finds him- or herself: the *visitor* is outside his or her usual environment, and this is the characteristic that identifies a visitor as different from any other consumer. This characteristic of the visitor cannot be found within the central framework of National Accounts, where the transactors are classified according to (relatively) permanent characteristics, one of them being the country or place of residence.

To deal with such situations, the 1993 SNA² suggests the use of a Satellite Account that is annexed to the core of the System of National Accounts and that to a greater or lesser extent shares with this core system its basic concepts, definitions, and classifications.

As a consequence, the fundamental structure of the *TSA* is based on the general balance existing within an economy between demand of goods and services generated by tourism and their supply. The demand generated by tourism encompasses a great variety of goods and services, where transportation, accommodation, and food and beverage services play a major role. The idea behind the construction of the *TSA* is to analyse in detail all the aspects of demand for goods and services that might be associated with tourism within the economy, to observe the operational interface with the supply of such goods and services within the same economy of reference, and to describe how this supply interacts with other economic activities.

A complete tourism satellite account for a country will provide:

- a. macroeconomic aggregates to describe the size and the economic importance of tourism, such as tourism value added and tourism GDP, consistent with similar aggregates for the total economy and for other productive activities and functional areas of interest;
- b. detailed data on visitor consumption and how this consumption is met by domestic supply and imports, integrated within tables derived from general supply and use tables of the national accounts, at both current and constant prices;
- c. detailed production accounts of the tourism industries including data on employment, linkages with other productive economic activities, and capital formation;
- d. basic information required for the development of models of the economic impact of tourism (at the national and supranational levels), for the preparation, for example, of tourism market-oriented analysis; and
- e. a link between economic data and other non-monetary information on tourism, such as number of trips, duration of the stay, purpose of the trip, or modes of transport.

The *TSA* is to be seen from two different perspectives:

- as a new statistical tool including concepts, definitions, aggregates, classifications, and tables compatible with international national accounting guidelines, which will allow for valid comparisons between regions, countries, or groups of countries, and also make these estimates comparable with other internationally recognised macroeconomic aggregates and compilations;

² SNA 1993, Chapter XXI “Satellite analysis and accounts.”

- as a building process to guide countries in the development of their own system of tourism statistics, the main objective being the completion of a national tourism satellite account, which could be viewed as a synthesis of such a system.

The relationship between travel in the EBOPS and tourism in the TSA

In this *Manual* (and in BPM5), the *travel* component covers most transactions that take place between residents and non-residents of an economy in relation to travel. Other transactions related to travel activities are included in *transportation, passenger services*. A *traveller* is a person who stays for less than one year in an economy of which he or she is not a resident for any purpose other than (i) being stationed on a military base or being an employee (including diplomats and other embassy and consulate personnel) of an agency of his or her government; (ii) being an accompanying dependent of an individual mentioned under (i); or (iii) undertaking a productive activity directly for an entity that is a resident of that economy. This one-year guideline does not apply to students or to patients receiving health care abroad, who remain residents of their economies of origin even if the length of stay in another economy is greater than one year. *Travel* comprises the expenditures (with the exception of those transportation services described below) of travellers in economies of which they are not resident, as well as the expenditures of those (including border and seasonal workers) described in category (iii) above, in the economies in which they undertake productive activity.

The EBOPS components of *transportation, passenger services* include international transportation services provided by resident transport operators to non-resident travellers and those provided by non-resident transport operators to resident travellers as well as transportation services provided to travellers within the economies they are visiting, where such services are provided by carriers non-resident in those economies.

The TSA identifies *tourism* as “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes not related to the exercise of an activity remunerated from within the place visited,” where *usual environment* generally “corresponds to the geographical boundaries within which an individual displaces himself/herself within his/her regular routine of life, except for leisure and recreation.” Similarly, a *visitor* is “any person travelling to a place other than of his/her usual environment for less than twelve months and whose main purpose of trip is other than the exercise of an activity remunerated from within the place visited.” Visitors are further classified in two ways:

- f. either *tourists*, who stay for at least one night in the place visited, or *same-day visitors*, who visit a place for less than one day; and
- g. either international visitors, whose country of residence is different from the country visited, or domestic visitors, whose country of residence is the country visited.

For comparison with the concepts of *travel* and *traveller* as used in this *Manual*, the focus is on international visitors. The TSA definitions exclude military personnel on active duty and diplomats and their entourages in the same way as does this *Manual*. The areas where this *Manual* differs from the TSA definitions are the following:

- h. The TSA regards students and medical patients in the same way as other visitors. In contrast BPM5 and this *Manual* regard them as residents of their home economies, even when they are situated in another country for one year or more.
- i. The TSA excludes from the definition of visitors all individuals who move to another economy primarily for the purpose of earning income and thus does not include their expenditure in tourism expenditure. On the other hand, this *Manual* includes in *travel* the acquisition of goods and services for personal use by seasonal, border and other workers who are not resident in the economy in which they are employed and whose employer is resident in that economy. However, EBOPS component 238, *expenditure by seasonal and border workers*, separately identifies this expenditure.

This *Manual* excludes migrants from its definition of travellers and the TSA likewise excludes migrants from its definition of visitors. However, following the “one year guideline”, refugees may be either travellers or migrants (discussed in further detail in Chapter III), whereas the TSA excludes refugees from its coverage.

Tourism characteristic products and EBOPS components

An information need of trade negotiators and trade policy makers concerns the identification and quantification of product breakdowns of trade in services. The TSA identifies a product breakdown of visitor consumption in terms of a list of seven groups of tourism characteristic products produced by a set of tourism industries, designed to ensure the international comparability of TSA data. For the most part, in this *Manual* these products are included indistinguishably in EBOPS component 236 *travel*. However, two of the tourism characteristic products (those relating to the purchase by visitors of accommodation and the serving of prepared food and beverages), which together comprise a substantial proportion of visitor consumption, are jointly described by the EBOPS memorandum item *expenditure on accommodation and food and beverage serving services*. If compilers of statistics on international trade in services are able to identify expenditure on accommodation separately from expenditure on the products of food and beverage serving industries, this would be of assistance to compilers of tourism statistics; however such a breakdown is not specifically recommended in this *Manual*.

All of the tourism characteristic products that are identified in the TSA are linked to the CPC and may be identified in this *Manual*, although in some cases the relationships are only partial³. For example, the tourism characteristic product relating to passenger transport is partly described by EBOPS components 207, 211, and 215 relating to passenger transportation (see Chapter III for the definition of *transportation, passenger services*).

If statistics compiled on trade in services are to be used for compiling the TSA, or vice versa, adjustments will be needed for these differences in coverage. However, the data sources used for compiling balance of payments statistics are likely to be relevant also for compiling the TSA.

³ See Annex IV of this *Manual* and Annex II of *Tourism Satellite Account: Recommended Methodological Framework*, op.cit.

**2. IDENTIFICATION IN THE MANUAL ON STATISTICS
OF INTERNATIONAL TRADE IN SERVICES (MSITS)
OF THOSE TOURISM CHARACTERISTIC PRODUCTS
RELATED TO INTERNATIONAL TRADE**

First draft

(World Tourism Organisation , Madrid, 30 November 2001)

All the corresponding elements of the list of Tourism Characteristic Products (TSA/TCP) (71 items) are also identified in the Manual and are mutually linked by the associated TSA/TCP-CPC and EBOPS-CPC correspondence. Eleven (11) correspond to Memorandum item (code 870) and the remaining fifty-seven (57) to different EBOPS components.⁴

The following table is a synthesis of the correspondence between the 7 classes of Tourism Characteristic Products (the most aggregated level of the above-mentioned list) and the associated EBOPS-CPC correspondence. Numbers in brackets refer to items in terms of CPC Version 1.0.

Tourism Characteristic Products	EBOPS components (Memorandum items and BOP codes)
1. Accommodation services	870. Memorandum item (63110, 63191, 63192, 63193, 63194, 63195, 63199*) 284 BOP code (only 72211*)
2. Food and beverage serving services	870 Memorandum item (63210, 63220, 63290, 63300)
	EBOPS components (BOP codes)
3. Passenger transport services	207 (65111, 65119* and 65130*) 209 (67610 and 67690*) 211 (66110, 66120* and 66400) 213 (67710 and 67790) 220 (64111*) 222 (67400) 224 (only 64213, 64214, 64219*, 64221, 64222 and 64223) 226 (67510, 67530* and 87143) 228 (65211, 65219* and 65230) 232 (67300 and 87149*) 272 (73111, 73114*, 73115* and 73116*)

⁴ Among those, the correspondence is partial in 27 cases. This circumstance is indicated with an asterisk in the attached list.

* The associated tourism characteristic products correspond only partly to the present CPC codes. For more detail, see Annex 1 (explanatory notes) of the "Tourism Satellite Account: Recommended Methodological Framework" (United Nations Publications – Sales No. E.01/XVII.9 – ST/ESA/STAT/SER.F/80 – 2001) jointly prepared by WTO-Eurostat-OECD-UNSD.

It must be noted that for 10 of the 68 CPC items identified, the MSITS also assigns an asterisk, meaning that the corresponding code is allocated to more than one EBOPS component or that part of the CPC code is not covered by the EBOPS component.

Both these cases are identified as follows:

- Items with asterisks in TSA and MSITS: (65130, 67690, 87149 AND 71100);
- Items with asterisks in MSITS only (and not in TSA): (63290, 66400, 67790, 87143, 65230 and 96310).

4. Travel Agencies, Tour operators and Tourist guides	284 (67811, 67812, 67813 and 67820)
5. Cultural services	897 (96230, 96310, 96411, 96412, 96421 and 96422)
6. Recreation and other entertainment services	897 (96510, 96520*, 96590*, 96910* and 96920*)
7. Miscellaneous tourism service	254 (71311*) 256 (71320*, 71334* and 71339*) 260 (71100* and 71552) 272 (73240* and 73290*) 278 (85970) 294 (91131* and 91210*)