

Seminar

Tourism Satellite Accounts for Portugal

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Assessment of the macroeconomic importance of Tourism – The System of Statistical Information on Tourism and the Tourism Satellite Accounts:

Advantages in using a Tourism Satellite Account as an alternative to the already existing basic statistics on tourism – Applications by EU Commission; state of play of TSA in the EU Member-States

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- 1. Do we need tourism statistics at all?**
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This contribution regards the system of tourism statistics not from an expert's or a statistician's point of view, but takes the user's view.

Users of statistical data concerning tourism are not only to be found in governments and international institutions such as the European Commission, the World Tourism Organisation and the OECD, but also in the national and regional tourist organisations as well as the tourism industry and research institutes.

1. Do we need tourism statistics at all?

It sounds maybe strange to you to ask this question in a country like Portugal where tourism is of high economic importance. But in the years that I have been working in the European Commission, I was sometimes asked whether tourism statistics on European level are really necessary.

The background for this question on the necessity of European tourism statistics may be the circumstance that the Treaty as well as the new Constitution give the Community only a complementary and coordinating function in the field of tourism. The Community shall complete and coordinate activities of the Member States.

Some who read these sentences in the Treaty or the Constitution thus ask the question why we need tourism statistics at all.

Regarding the question formally I could say that all statistical data are collected in the Member States and transmitted to Eurostat. In this respect all the activities of Eurostat based on the Tourism Statistics Directive¹ including the efforts to harmonise the data collection are clearly in compliance with the legal competencies attributed in the Treaty.

But, not only because I am an economist, I do not want to restrict my answer to a formal view only. Finally, coordinating activities in the field of tourism is not a goal in itself: The constitution clearly says that the Community shall coordinate activities of the Member States to promote Europe as tourist destination and to improve the competitiveness of the European tourism industry.

From my point of view these two objectives of EU tourism policy are the real base for a system of tourism statistics. For nobody can tell me, how these objectives could be achieved without having information on the current situation, short-term and long-term developments and forecasts.

And how should I evaluate the impacts of external events. It is not a Tsunami that must happen to raise the question how the European tourism industry will be affected. This question also arises in the context of policy measures, on national as well as EU and

¹ COUNCIL DIRECTIVE 95/57/EC of 23 November 1995 on the collection of statistical information in the field of tourism

international level. When a Commission service proposes a new activity, it has to submit an impact analysis of it. But without statistical data I could never assess the impact on tourism.

Without a statistical system I would have to commission a research institute for that purpose. That would be costly in two respects: with regard to budgetary means as well as the time that passes.

2. The current system of tourism statistics – does its output meet the needs?

The second part of my answer to question N° 1 clearly indicates that tourism statistics is not a purpose in itself, it is the usability for the purposes of the users that make them valuable.

Even though it is evident for everybody that the possible use of statistics above all depends on factors such as quality and timeliness I do not want to focus on that, for these are issues that are related to statistical data in general and not particularly of tourism statistics.

I already pointed out that the need to use statistical information on tourism arises quite often in the Commission. One reason is the reporting on the performance of the industry, others are the evaluation of the impact of the activities of other Commission services.

One of the most recent examples is the amendment of the Timeshare Directive by the DG charged with consumer protection. In this case it would have been very helpful to have official statistical data on that industry. But according to the Tourism Statistics Directive on the supply side only the HORECA sector (hotels, restaurants, cafes; NACE H) and tour operators and travel agents (NACE I.633) are covered.

Similar problems arose and arise, for example, with regard to activities in the area of transport, eg. air travel.

Besides this more or less “legal problem” that the industries just mentioned are not listed in the Tourism Statistics Directive, these examples shed light on the most apparent problem, the lacking definition of the sector.

On the demand side we at least have a commonly accepted definition: A tourist is somebody leaving his/her usual environment for not more than 12 months consecutively. This definition is not operational as the presumably never-ending discussions on the term “usual environment” show, but at least there is a definition.

On the supply side, however, there is only a practical agreement that the accommodation and gastronomy sector as well as tour operators and travel agents belong to the tourism sector.

The question may be raised, why data on restaurants and even canteens are collected, but not on air travel, rental cars, souvenir shops etc. The list of sectors dependent or affected by tourist expenditures could be prolonged ad infinitum.

Subsequently and because of the data availability in most cases the HORECA sector is considered as synonym for “tourism sector”. This restriction of the view on the tourism sector seems reasonable at a first glance when the number of enterprises are taken into account. The vast majority, about 95 %, belong to the HORECA sector and only around 4 % are travel organisers.

But the number of enterprises does not correspond to their economic importance as far as turnover or employment is concerned. The 4 % tour operators and travel agents, for example, yield nearly 30 % of the turnover in the sector, whereas the 95 % HORECA companies yield the remaining 70 %.

These figures refer to the EU-25 average. In individual Member States – even more on regional level - the economic importance of these two groups of tourism enterprises varies considerably.

The examples show that it is not easy to analyse the tourism sector, its performance and weaknesses, with the currently available statistics. When this is true with regard to the sector itself, its branches and sub-branches, it must be even more difficult, I should rather say impossible, to compare the tourism sector with other branches, not to mention the macroeconomic level.

For besides a comparably simple analysis of the performance of the tourism sector and its structural changes we also have to assess industries in a political context, for example, their contribution to the growth and employment goals of the Lisbon strategy.

But how should one measure the contribution of an industry to GDP and macroeconomic employment when the respective sector does not appear in the System of National Accounts (SNA)

Other policy areas lead the way

The first time I encountered the term “Satellite System” was in the context of measuring and evaluating economic activities with regard to their impact on the environment. The challenging task was to find figures on a highly aggregated level that mirror environmentally relevant activities and the economic importance/impact of those activities respectively environment protection for/on the economy. Similar systems were established later in other areas as well, eg. Sports.

3. Tourism Satellite Accounts solving the problem?

Tourism is one of the perfect examples for worldwide economic activities. Taking the global dimension of tourism into account, it was clear from the very beginning, that the establishment of national Tourism Satellite Accounts (TSA) would prerequisite internationally harmonised systems to make the results comparable.

For this reason international organisations (UN, UNWTO, OECD) developed a framework² which was adapted by Eurostat to some peculiarities of tourism in the EU.³

Because of the fact that, as pointed out at the beginning, tourism policy is a competency of the Member States and not the Community, the Commission in 2002 launched a grant programme to promote the establishment of national TSAs in Member States.

Member States applying had the choice between carrying out a feasibility study, setting up a TSA or updating an existing one or carrying out a project in trans-border cooperation with another Member State.

In the first round (final reports 2003) 4 Member States participated:

- Belgium, Germany, Italy, Netherlands.

Because of the obvious reluctance of most Member States, some Member States did not participate because of lacking experience in such a complex and technical project, a second round was launched in 2003.

9 Member States participated and presented their final reports in 2004:

- Malta, UK and Ireland, Hungary, Denmark, Italy, Belgium, Slovenia, Finland and Portugal.

² Handbook of national accounting: Integrated environment and economic accounting, New York 1993

³ Eurostat, European implementation manual on tourism satellite accounts (TSA), Lux. 2001

Because the new Member States did not have sufficient opportunity to participate in this programme in 2005 a third round was announced for which 7 Member States submitted proposals:

- Slovenia, Czech Republic, Cyprus, Poland, Austria, Belgium and Netherlands.

The final reports of this round are expected in 2007.

Conclusions from the three rounds of the grant programme

Let's assume that all participants of this third and certainly final round will submit final reports that will be accepted by the respective Commission services (Eurostat and DG ENTR). What did we achieve?

Since 2 of the 15 participating countries (Malta and Ireland) presented feasibility studies only and did not make the step yet to establish a national TSA, we persuaded 12 Member States by this programme to establish a TSA. For Austria (participating in round 3) and Spain developed their first national TSA outside the programme.

But only Austria and Spain update their TSA regularly. In all the other cases we have national TSAs based on data between 1999 and 2001.

This may be considered sufficient to analyse and compare the structure of the tourism sector between industries and Member States. But without regular updates this information certainly will lose value.

4. Forthcoming activities and visions

1) Stimulating the updating of TSAs

Many Member States that participated in the grant programme hold the view that it would not be necessary and too costly to collect the data needed for an update annually. Since the Tourism Statistics Directive had to be amended because of the enlargement of the Community anyway, Eurostat presented a proposal to update also the list of statistical items for data collection and to include the most important data for an estimation of TSAs in Member States.

If the Member States accept this proposal, it would allow us to undertake the effort of a full TSA calculation not every year, but perhaps every third or fourth year and to publish estimated TSA figures in between.

A new legal base for tourism statistics that includes the data collection for estimated TSAs could on the one hand respect the cost argument and on the other hand serve the information needs of the users. For, as I already pointed out, in the context of policy

activities on a macroeconomic level such as the Lisbon strategy such data are indispensable.

That's why I invite all Member States and their delegates in the respective Working Group at Eurostat to agree to that proposal.

2) Regionalised TSA

Tourism is not only an activity that takes place in a global dimension. Because of the spatial immobility of the vast majority of its enterprises (besides the HORECA companies also the attractions) it has as well a typical regional or rather "destinational" dimension.

For this reason some countries, in the Community up to now only Austria, began to establish regionalised TSAs.

In the passed years I had the opportunity to attend meetings of the UNWTO where UNWTO members such as Canada presented their approaches in that field. I appreciate very much that UNWTO continues to promote the further development of TSAs.

From my point of view regionalised TSAs will become the most important element of the whole TSA discussion, in particular in the Community.

For we should take into account that tourism is one of the most outstanding activities that does not stop at national borders, the less in a Community with totally open borders. Some of the regions and destinations are trans-border regions. For these regions/destinations a "regionalised TSA is of much more importance than national Tsas respecting the borders of the national territory.

Of course, regionalised TSAs involve some problems with regard to their aggregation to a national TSA. But taking into account the progress made outside the Community as presented in UNWTO meetings I would like to invite all Member States to follow.

3) A user's vision

Allow me to conclude with some remarks that clearly go beyond the borders of official statistics.

In my introductory remarks I pointed out that one purpose of statistical data is to facilitate to assess the possible impact of so-called "external shocks". This term does not only comprise catastrophies such as terrorist attacks or earthquakes, it refers to any event outside a system such as the tourism sector, i.e. policy measures such as variations of tax rates or the accession of new Member States are also included.

Let me assume that one day we would have national TSAs in all Member States fed with the most recent data available.

In such a dreamlike situation it would certainly be easier to carry out an impact analysis on a quantifiable basis. But would it not be much more efficient to have a simulation model formed with TSA data?

This is not an utopian dream. Simulation models for the tourism sector already exist, but they are not based on TSA.

Having a simulation model for the tourism sector would allow us to predict the impact of many developments or events on the tourism sector.

This is my vision for the further use of TSA in the offices of all stakeholders, my vision and my concluding remark as well.