

## Tourism Satellite Account (2014-2017)

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### **In 2017 the GVA generated by tourism represented 7.5% of national GVA**

It is estimated that, in 2017, the GVA generated by tourism grew by 13.6% in nominal terms, after an increase of 6.6% in 2016, reaching 7.5% of the GVA of the national economy. Tourism demand attained a value representing 13.7% of GDP, increasing by 14.5% over the previous year.

In 2016, employment in tourism characteristic activities represented, on average, 9.4% of total employment.

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Statistics Portugal releases an initial estimate for 2017 of two main aggregates of the Tourism Satellite Account (TSA), Gross Value Added Generated by Tourism (GVAGT) and Tourism Consumption in the Economic Territory (TCET). The information for 2016 has been updated based on more robust data and is available with a higher disaggregation level.

In addition to the main results, this press release presents more detail on:

- Tourism demand (TCET), namely tourism of non-resident visitors and domestic tourism;
- Tourism expenditure outside the economic territory;
- The collective final consumption of general government related to tourism;
- Detailed results on the GVAGT by activity;
- Employment and compensation of employees in tourism characteristic activities;
- International comparisons;
- Application of the Input Output Tables of 2015 to TSA results in order to estimate the overall impact of the touristic activity in the national economy.

It should be underlined that TSA has the National Accounts core tables as reference, thus it includes estimates for components not directly observable in the basic statistics, notably informal accommodations services and imputed rents of secondary dwellings.

In Statistics Portugal website, in the National Accounts area (Satellite Accounts section), additional tables with more detailed information are available for the period 2014-2016.

#### **1. Main results**

It is estimated that, in 2017, GVAGT reached 7.5% of the GVA of the national economy, growing 13.6% in nominal terms, surpassing the increase of national economy GVA (4.0%).

In the same year, TCET attained a value representing 13.7% of Gross Domestic Product (GDP), increasing 14.5% over the previous year.

In 2016, inbound tourism spending (exports of tourism services, corresponding to expenditures made by non-residents in the Portuguese economic territory) was the most important component of the TCET (63.1%), increasing by 8.6% over 2015. Domestic tourism spending and other components grew by 3.0%.

In that same year, employment in tourism-related activities, measured in full-time equivalent (FTE), accounted for 9.4% of the national total. Employment

in tourism activities increased by 4.8%, exceeding employment growth observed in the national economy (2.1%).

**Table 1 – Main results of the Tourism Satellite Account (TSA)**

	2014	2015	2016	2017*
<b>Tourism Consumption in the Economic Territory (TCET)</b>				
Value (10 <sup>6</sup> euro)	20,675	21,902	23,321	26,707
Nominal rate of variation (%)	//	5.9	6.5	14.5
Weight of Tourism Consumption in the Economic Territory in National GDP (%)	11.9	12.2	12.5	13.7
<b>Inbound Tourism Expenditure</b>				
Value (10 <sup>6</sup> euro)	12,653	13,543	14,713	x
Nominal rate of variation (%)	//	7.0	8.6	//
<b>Domestic Tourism Expenditure + Other Components</b>				
Value (10 <sup>6</sup> euro)	8,021	8,359	8,608	x
Nominal rate of variation (%)	//	4.2	3.0	//
<b>GVA Generated by Tourism (GVAGT)</b>				
Value (10 <sup>6</sup> euro)	9,768	10,458	11,147	12,661
Nominal rate of variation (%)	//	7.1	6.6	13.6
Contribution of GVA Generated by Tourism to National GVA (%)	6.5	6.7	6.9	7.5
<b>Employment in Tourism Characteristic Activities</b>				
Value (FTE)	381,422	397,619	416,817	x
Nominal rate of variation (%)	//	4.2	4.8	//
Weight of Employment in Tourism Characteristic Activities in National Employment (%)	9.0	9.2	9.4	//
<b>Remunerações nas Atividades Caraterísticas do Turismo</b>				
Valor (10 <sup>5</sup> euros)	6,910	7,303	7,860	x
Taxa de variação nominal (%)	//	5.7	7.6	//
Peso das Remunerações nas Atividades Caraterísticas do Turismo no Total das Remunerações Nacionais (%)	9.0	9.3	9.6	//

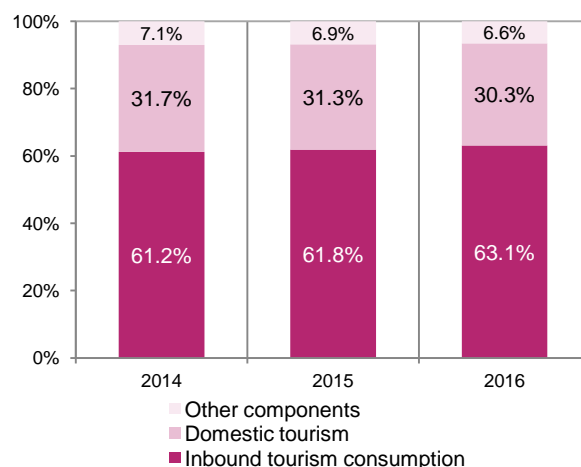
\* - First estimate  
// - Non applicable  
x - Non available

## 2. Tourism Consumption in the Economic Territory (touristic demand)

The estimated growth rate for 2017 (+14.5%) is the highest in the current TSA series (2014-2017).

In 2016, inbound tourism expenditure remained the most important component of tourism demand (63.1%), growing 8.6% over the previous year and reaching its highest value.

**Graphic 1 – Weight (%) of the tourism consumption in the economic territory components (2014-2016)**



## 2.1 Inbound tourism expenditure

In 2016, as in previous years, around 97% of total inbound tourism expenditure was made by tourists, while same day visitors accounted for only 3% of the overall amount.

There were significant differences in the expenditure structure of the two categories of visitors:

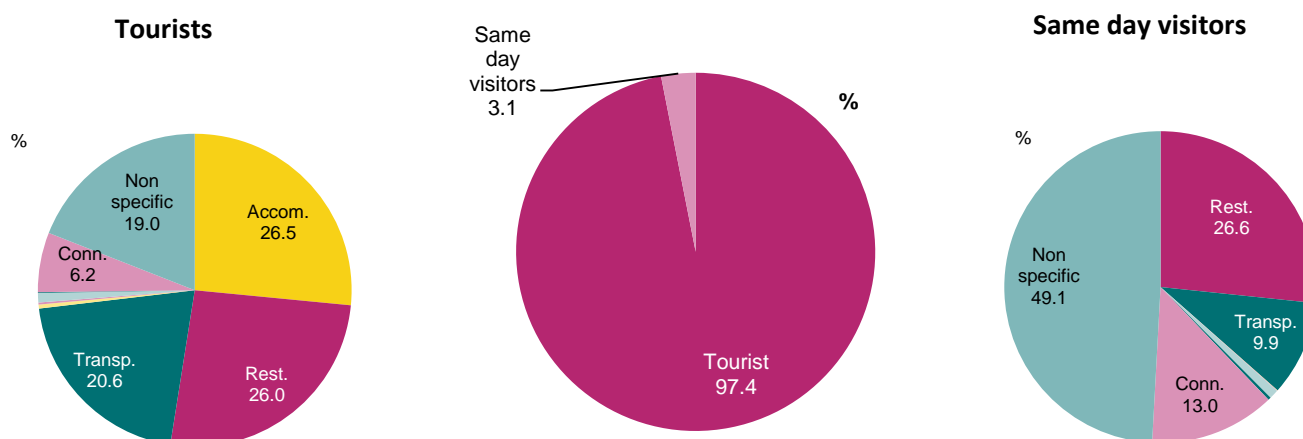
- Tourists: the expenditure was mainly focused on accommodation services (26.5%), restaurants and similar (26.0%) and passenger transport (20.6%);

- Same day visitors: 49.1% of the expenditure was channeled to non-specific products, 26.6% was directed to restaurants and similar and 13.0% was related to connected products. These 3 products accounted for almost 89% of the total expenditure of the same day visitors.

There were no significant changes in expenditure structure comparing to previous years.

Inbound tourism expenditure (tourism exports), increased 8.6% in 2016, over the previous year, and accounted for 19.7% of total national exports.

**Graphic 2 – Inbound tourism expenditure by type of visitor (2016)**



## 2.2 Domestic tourism expenditure

In domestic tourism, tourists' expenditure remains dominant, but same day visitors' expenditure weight increased in 2016, reaching 39.2%.

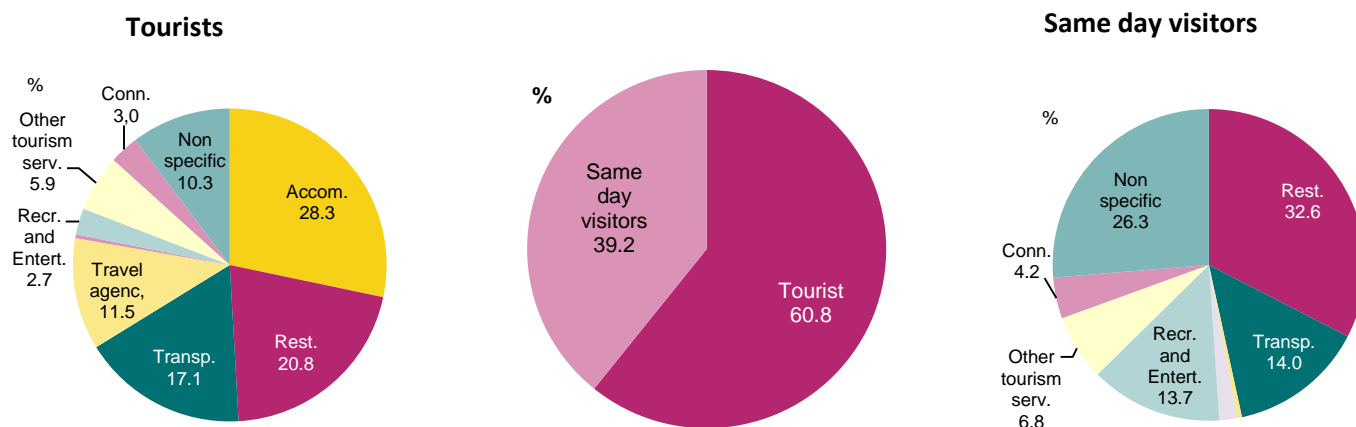
The domestic tourism expenditure by **type of visitor** and by **product** showed the following split:

- Tourists: concentrated mainly on accommodation services (28.3%), restaurants

and similar (20.8%) and passenger transports (17.1%);

- Same day visitors: was essentially directed to restaurants and similar (32.6%), non-specific products (26.3%) and passenger transports (14.0).

**Graphic 3 – Domestic tourism expenditure by type of visitor (2016)**



### 3. Outbound tourism expenditure

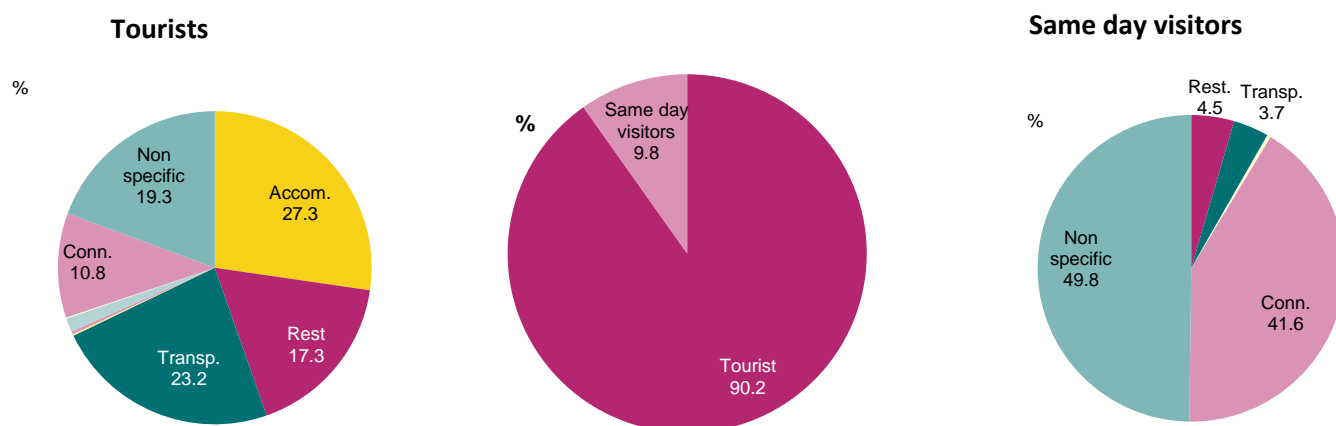
As in the case of inbound tourism, outbound tourism expenditure (tourism imports) is dominated by tourists' expenditure (90.2%), compared to the expenditure incurred by same day visitors (9.8%).

There were also significant differences in the expenditure breakdown of these two categories of visitors:

- Tourists: focused on accommodation services (27.3%), passenger transports (23.2%) and non-specific products (18.8%);
- Same day visitors: mainly directed at non-specific products (49.8%) and connected products (41.6%).

There were no relevant changes in outbound tourism expenditure structure comparing to the previous year.

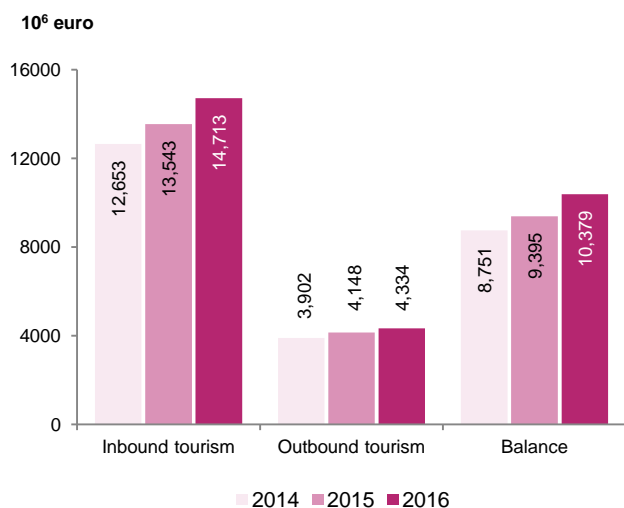
**Graphic 4 – Outbound tourism expenditure by type of visitor (2016)**



Outbound tourism expenditure (tourism imports) increased 4.5%, in 2016, accounting for about 6.0% of total national imports.

The balance of touristic flows was positive between 2014 and 2016, increasing by 10.5% in 2016, compared to the previous year, reaching its maximum value in the triennium.

**Graphic 5 – Touristic flows balance (2014-2016)**

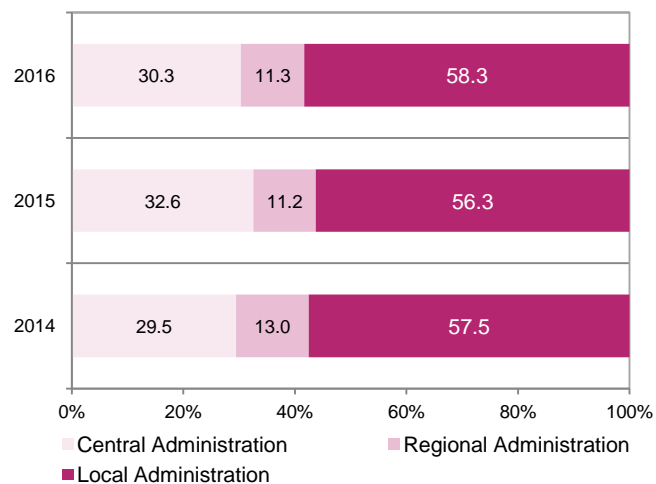


#### 4. Tourism collective consumption

In the TSA context, possible examples of tourism collective consumption services are tourism promotion services, visitor information services, administrative services related to tourism, among others.

In 2016, this expenditure decreased by 1.6%, reflecting the reduction in collective consumption expenditure for tourism in both central and regional government (-8.3% and -0.3% respectively). Inversely, expenditure incurred by local government increased 2.0%, reinforcing its relative weight in total expenditure (58.3%).

**Graphic 6 – Distribution (%) of the tourism collective consumption by subsector of general government (2014-2016)**

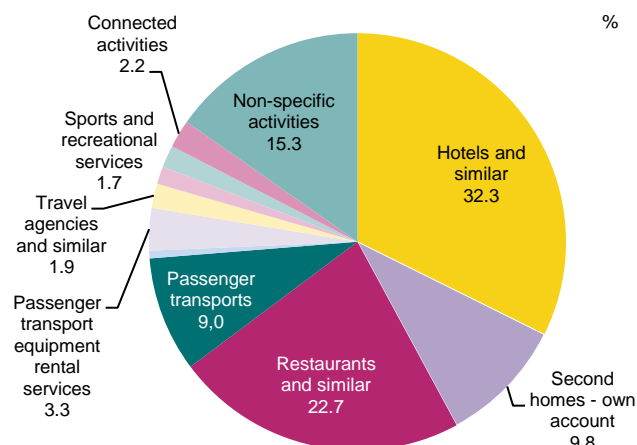


#### 5. GVA generated by tourism

In 2017, the GVA generated by tourism increased 13.6%, over the previous year, representing 7.5% of the national economy GVA.

As in previous years, the activities which contributed most to tourism GVA, in 2016, were hotels and similar (32.3%), restaurants and similar (22.7%) and non-specific activities (15.3%).

**Graphic 7 – Distribution (%) of GVA generated by tourism, by activity (2016)**



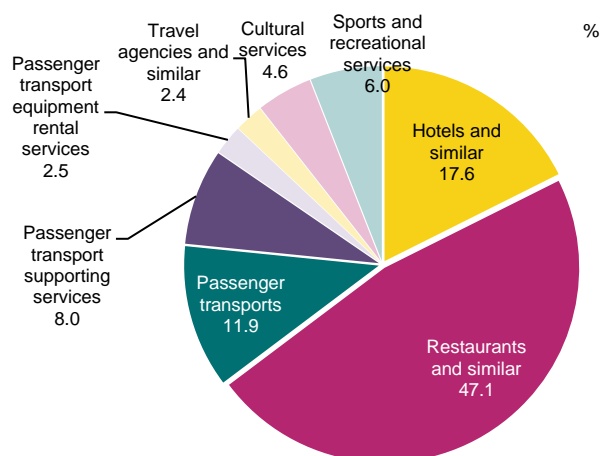
## 6. Employment and compensation of employees

In 2016, employment in tourism characteristic activities increased by 4.8% over 2015, to 416,817 FTE, representing 9.4% of total employment. This growth was higher than that observed in the national economy (2.1%).

Considering only the tourism component of tourism characteristic activities, this corresponded to 4.7% of the total employment (205,567 FTE).

The tourism characteristic activities which showed higher employment growth rates (FTE) in 2016 were travel agencies and similar (+ 9.1%) and hotels and similar (+ 7.5%).

**Graphic 8 – Distribution (%) of employment in tourism characteristic activities (2016)**

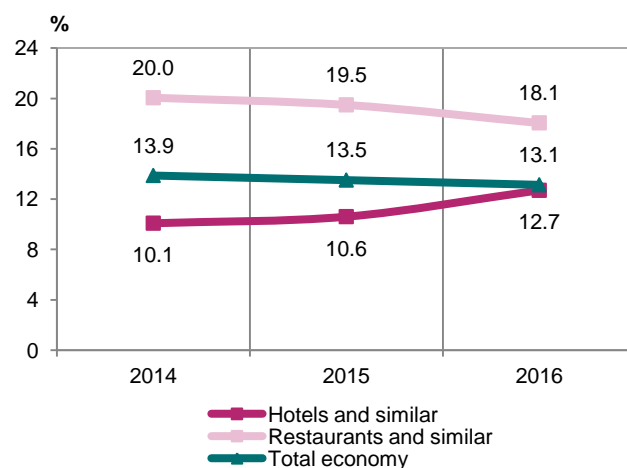


More than 75% of employment (FTE) in tourism characteristic activities was concentrated in restaurants and similar (47.1%), hotels and similar (17.6%) and passenger transport (11.9%).

It should also be noted that the weight of self-employed has been increasing in hotels and similar, in an opposite way to what has been observed in restaurants and similar and in the national economy.

This increase in the weight of self-employed in hotels and similar may be partially related to the growth of local accommodation.

**Graphic 9 – Weight (%) of self-employed in total employment in hotels and similar, restaurants and similar and in total economy (2014-2016)**



In 2016, the compensation of employees in tourism characteristic activities represented 9.6% of the total compensation of employees in the Portuguese economy.

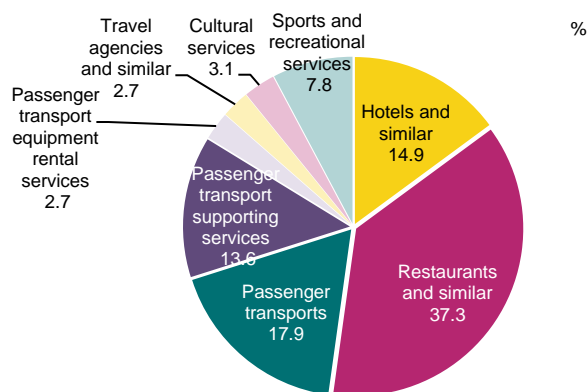
Considering only the tourism component of the tourism characteristic activities, the weight of the compensation of employees represented 4.6% of the total economy.

As in employment, the increase in compensation of employees in tourism characteristic activities (7.6%) was higher than that observed in the national economy (4.1%).

Restaurants and similar were the most relevant activity, accounting for around 37% of the total amount of compensation of employees. This was followed by passenger transports (17.9%) and hotels and similar (14.9%), which ranked second in the employment breakdown by activities.

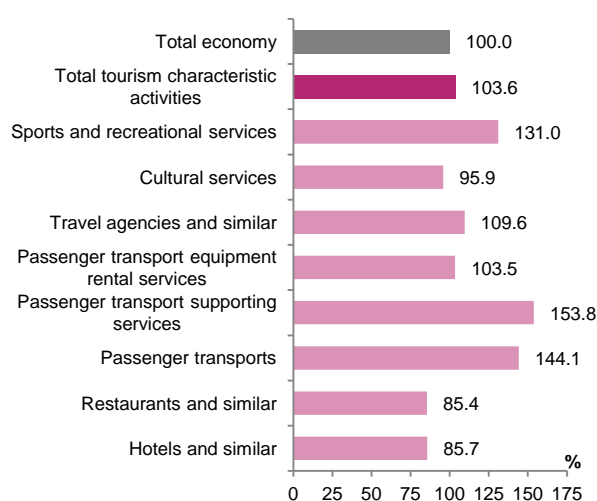


**Graphic 10 – Distribution (%) of compensation of employees in tourism characteristic activities (2016)**



In 2016, the average compensation of employees in the tourism characteristic activities was higher than the national average (+3.6%), although there were significant differences by activity: compared to the national economy, the average compensation of employees was higher in passenger transport supporting services (153.8%) and passenger transports (144.1%); in an opposite way, the average compensation of employees was lower in restaurants and similar (85.4%), hotels and similar services (85.7%) and cultural services (95.9%).

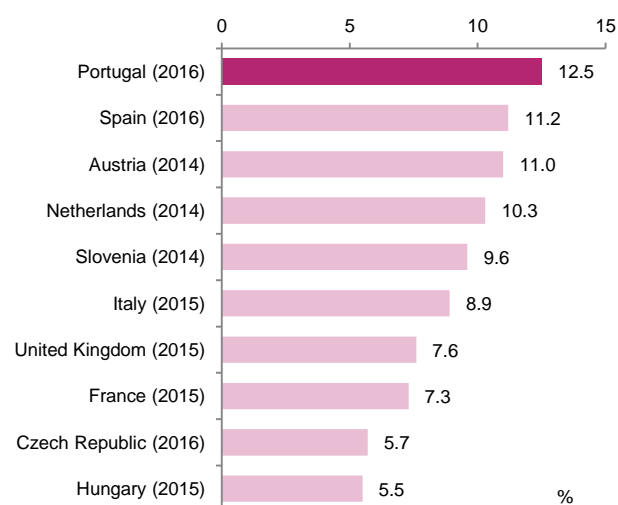
**Graphic 11 – Index of compensation of employees in tourism characteristic activities (2016)**



## 7. International Comparisons

Considering the available information for the reference years between 2014 and 2016, it was observed that the TCET weight in the national GDP (12.5%) was the highest for the analyzed European countries.

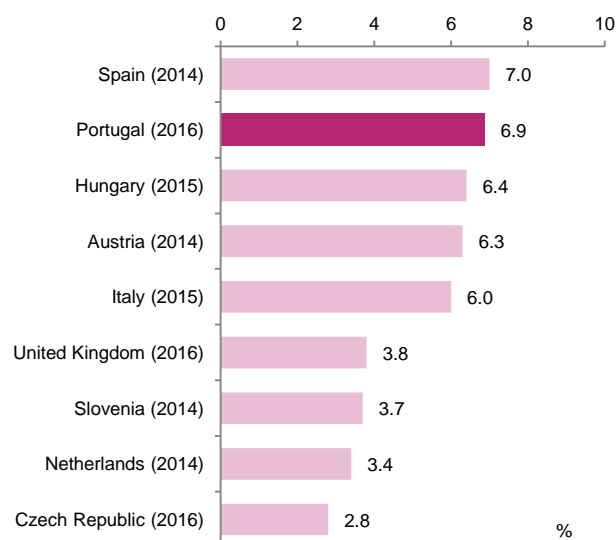
**Graphic 12 - Tourism consumption in the economic territory as percentage of GDP in European countries**



**Sources:** Eurostat: Tourism Satellite Accounts in Europe 2016 edition; Statistics Portugal: Tourism Satellite Account 2014 a 2017; Instituto Nacional de Estadística. Cuenta satélite del turismo de España. Base 2010. Serie contable 2010-2016; Conto Satellite del Turismo per l' Italia. Anno 2015. ISTAT (2017); Economic accounts for tourism, Slovenia, 2014; Tourism Satellite Accounts (TSA) (2004-2015), Hungary; Main indicators of the national economy and tourism in the Czech Republic in 2003-2016; The UK Tourism Satellite Account (UK-TSA); 2015, Office for National Statistics (2017); Le 4 pages de la DGE, Études Économiques, No. 62, December 2016.

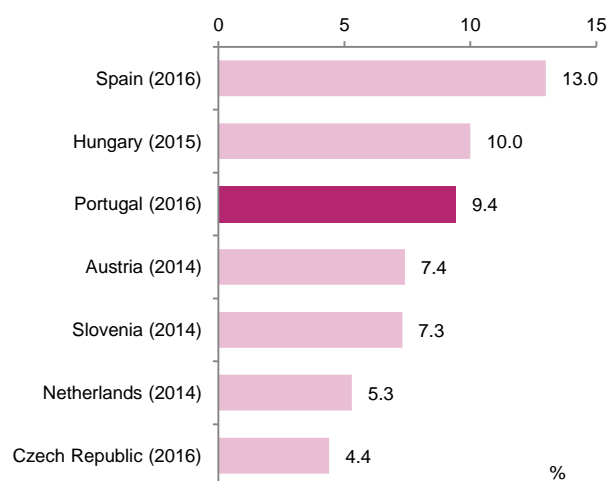
In terms of the relative importance of the GVA generated by tourism in national GVA, among the countries with available information, Portugal ranked second (6.9% in 2016). Only Spain had a higher but close result (7.0%).

**Graphic 13 – Weight (%) of GVA generated by tourism in national economy GVA in European countries**



**Sources:** Eurostat: Tourism Satellite Accounts in Europe 2016 edition; Statistics Portugal: Tourism Satellite Account 2014 a 2017; Instituto Nacional de Estadística. Cuenta satélite del turismo de España. Base 2010. Serie contable 2010-2016; Conto Satellite del Turismo per l' Italia. Anno 2015. ISTAT (2017); Economic accounts for tourism, Slovenia, 2014; Tourism Satellite Accounts (TSA) (2004–2015), Hungary; Main indicators of the national economy and tourism in the Czech Republic in 2003-2016; The UK Tourism Satellite Account (UK-TSA): 2015, Office for National Statistics (2017).

**Graphic 14 – Weight (%) of employment<sup>1</sup> in tourism characteristic activities (FTE) in national employment in European countries**



**Sources:** Eurostat: Tourism Satellite Accounts in Europe 2016 edition; Statistics Portugal: Tourism Satellite Account 2014 a 2017; Instituto Nacional de Estadística. Cuenta satélite del turismo de España. Base 2010. Serie contable 2010-2016; Economic accounts for tourism, Slovenia, 2014; Tourism Satellite Accounts (TSA) (2004–2015), Hungary; Main indicators of the national economy and tourism in the Czech Republic in 2003-2016.

The number of countries with information available for employment-related variables is even lower.

Portugal presents the third highest record (9.4%), immediately behind Hungary (10%) and Spain (13%), in terms of the relative importance of employment in tourism characteristic activities in total national employment.

## 8. Input-Output Tables for 2015 applied to the TSA results

By applying the Input-Output Tables for 2015, recently published by Statistics Portugal, to the main results of TSA, it is possible to obtain not only the direct impact, but also the indirect impact of tourism activity on the national economy.

The input-output system, respecting the general equilibrium between aggregate supply and demand, represents the interaction between the different domestic economic activities. Thus, it allows estimating,

<sup>1</sup> Portugal, Austria and the Netherlands: FTE.  
Spain and the Czech Republic: jobs.  
Slovenia: persons.  
Hungary: "share of employment".

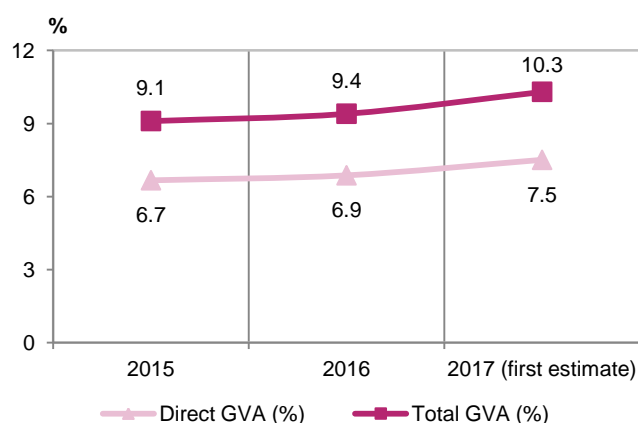


under some assumptions<sup>2</sup>, the total spillover effect of tourism consumption to all economic activities.

In 2016, it is estimated that tourism consumption was responsible for a total contribution of 9.7% to GDP (18.0 billion euros) and 9.4% for GVA (15.3 billion euros). These percentages may have increased by around 0.9 percentage points (pp) by 2017.

According to the Input-Output Tables, it is estimated that tourism consumption has contributed with €5.3 billion of imports (22.8% of tourism consumption is met by imports).

**Graphic n.º 15 – Evolution of the direct and total GVA weight (%) generated by tourism in the national economy**



Focusing the analysis of tourism consumption products with the greatest impact on wealth creation, it is estimated that food and beverage serving services (with 26.4 percentage points - pp) and accommodation services (22.9 pp) were responsible for almost 50% of GDP generated by tourism. At a much lower level, appear real estate services (6.5 pp), air transport services (6.3 pp) and food products (4.1 pp).

<sup>2</sup> Among these assumptions, we highlight: constant technical coefficients, no economies of scale, inexistence of changes in relative prices and no substitution effects, unlimited productive capacity; homogeneous goods and absence of financial restrictions.

Tourism Satellite Account (2014-2017)

### Methodological Notes

The Tourism Satellite Account (TSA) has as methodological framework the Eurostat's "European Implementation in Tourism Satellite Accounts handbook" and the "Tourism Satellite Account: Recommended Methodological Framework 2008" of the United Nations, OECD, Eurostat and World Tourism Organization (WTO). On the other hand, and since the TSA is a project consistent with the System of National Accounts, its concepts, classifications and methodological references, such as the United Nations System of National Accounts (SNA2008) and the European System of Accounts (SEC2010), are essential.

The United Nations International Recommendations for Tourism Statistics 2008 is the main conceptual reference of International Tourism, ensuring the consistency of the TSA with the Tourism Statistical Information Subsystem, for concepts and definitions, as well as with other subsystems such as the Balance of Payments. Reference is also made to the publications "Measuring the role of tourism in OECD economies. The OECD manual on tourism satellite accounts and employment of the OECD" and Designing the Tourism Satellite Account (TSA). Methodological Framework from the WTO.

The present estimates are broken down according to the TSA classifications for activities and products:

### The tourism activities and products classifications

As far as the classifications are concerned, the Portuguese TSA maintained the reference of the Eurostat's European Implementation in Tourism Satellite Accounts.

The products and activities within the TSA are distinguished between Tourism "Specific (a)" and "Non-Specific (s)". The **Specific Products** are classified as Characteristic and Connected. The **Characteristic products** are the typical products of tourism and are the focus of tourism activity. In turn, **Connected Products** are products that, although they are not typical of tourism in an international context, can be in a narrower scope such as the national one. Typical products include accommodation, catering and beverages; the Transport of passengers; Travel agencies, tour operators and tour guides; Cultural services, Recreation and other entertainment services and Other tourism services.

**Non-Specific Products** correspond to all other products and services produced in the economy that even though they are not directly related to tourism, they can be consumed by visitors.

In the case of activities, the **Characteristic Activities** are productive activities whose main production was identified as being tourism characteristic that serve the visitors, admitting a direct relationship of the supplier with the consumer. This group includes: Accommodation (hotels and similar, secondary residences used for tourism purposes on their own or free of charge), Restaurants, Passenger transport, Passenger transport supporting services, Passenger transport equipment rental, Travel agencies, tour operators and tourist guides, Cultural services and Sports and other recreation services.

### The components of Tourism Consumption in the Economic Territory and the GVA generated by tourism

Tourism consumption in the Economic Territory includes:

- The inbound tourism expenditure corresponds to final consumption expenditure made by non-resident visitors in Portugal;
- The domestic tourism expenditure corresponds to the final consumption expenditure of resident visitors traveling within Portugal, in places other than their usual environment, as well as to the domestic tourism expenditure made by resident visitors travelling to a different country (domestic component of outbound Tourism);
- The other components of tourism consumption, include the housing services of second homes on own account, the financial intermediation services and those components of tourism consumption that cannot be broken down by type of tourism and visitor. The other components also include products whose expenditure is made by the General government and whose consumption has individual nature.

The Gross Value Added generated by tourism (GVAGT) corresponds to the share of GVA that is generated by the provision of services to visitors in Portugal, whether resident in the country or not. This value can be considered as the contribution of the tourist activity to the GVA of the economy.

## Collective consumption

General government final collective consumption expenditure corresponds to the production of non-market services by General government, whose consumption is simultaneously available to the entire community.

The estimation of the tourism collective consumption is part of a broader perspective of the demand for tourism. In fact, the TSA central framework, which defines tourism demand and supply and balance, is organized around the nomenclature of tourism products (goods and services), whose consumption is of individual nature.

The WTO manual provides a framework for estimating the collective consumption of tourism, broken down by products and subsectors of public administrations, suggesting the inclusion of some types of products, mainly services such as tourism promotion services, tourism information services visitor, and administrative services related to tourism, among others.

Within the TSA context, the approach adopted consisted in the identification of a set of entities of the public administrations that provide this type of services; information about the value of the collective consumption of tourism is then presented by subsector.

## Data sources

The main data sources on which the estimation of the monetary and non-monetary variables of the TSA were based were the following:

**Table 2 – Main data sources used in the TSA**

Statistics Portugal	Other sources
National accounts (Base 2011)	Balance of payments
Transport and communications statistics (2016)	Detailed financial information from the General government
Tourism statistics (2016)	General government account
General register of statistical units (FGUE)	Simplified business information (SBI)
Survey on tourist demand of residents (2016)	National tourism register
Survey on international tourism (2016)	Survey on National Scientific and Technological Potential
	Website of the Ministry of Justice ( <a href="https://publicacoes.mj.pt/Pesquisa.aspx">https://publicacoes.mj.pt/Pesquisa.aspx</a> )
	Websites of tourism entities
	Reports and accounts of tourism entities

## Data revisions (2016)

The final TCET and GVAGT data for 2016 reflect revisions to the estimates published in the latest TSA press release on December 7, 2017. The TSA revisions resulted from the incorporation of the final versions of the sources of information common to the National Accounts and the TSA, in particular the SBI and the updating of the National Accounts' own aggregates.

Both the TCET and the GDP had revisions in the same direction, with the same relative order of magnitude, reason why, the relation between the two aggregates did not change.

The weight of GVAGT was revised by 0.2 percentage point, as a result of the downward revision of the GVAGT and the upward revision of the economy's GVA.

**Table 3 – Revision of the first estimates for the 2016 TSA**

	2016 (1 <sup>st</sup> estimate)	2016 (final)
<b>Weight (%) of CTET in GDP</b>	12.5%	12.5%
<b>Weight (%) of GVAGT in the national economy's GVA</b>	7.1%	6.9%