

The economic impact of tourism

The new Tourism Satellite Account of Spain improves the economic measurement of this activity

INE presents the first results of the **Tourism Satellite Accounts of Spain (TSAS)**, a new instrument of measurement designed to satisfy a relevant need for statistical information, as, despite the unquestionable importance of tourism in our economy, it is difficult to measure its real impact.

Therefore INE, together with other national statistical institutions and in particular, the Institute of Tourism Studies and the Bank of Spain, promotes the improvement of statistical operations already in force and the introduction of some complementary ones. These efforts converge on the elaboration of the new Tourism Satellite Account that provides the methodological and accounting framework to achieve the aim previously mentioned.

The analytical difficulty faced is notable because tourism is a **"transversal sector or activity"**, which means that numerous companies, from different activity branches, participate in the supply of services to tourists, at the same time that they produce

other goods or services that are not linked to tourist activity. For this reason it is necessary to apply the "satellite account" technique that, through the implementation of complementary data sources and the enlargements and revisions of accounting information elements which are already available, breaks down and details the information implicit in the national accounts and in the use and supply tables which are already compiled.

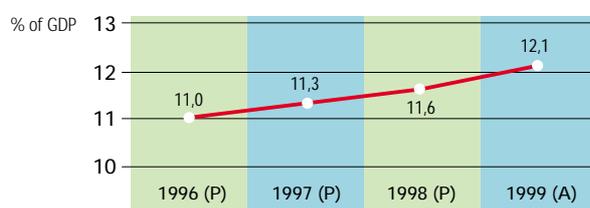
Some relevant data for this first version of the so-called "pilot TSAS". Illustrate that the contribution of tourism to the Spanish economy in **1999 was 12.1% of the GDP**, having risen one point in just three years period, from 1996 to 1999.

In some of the years covered by this version of the TSAS, the balance between inbound and outbound tourism is favourable to inbound tourism by more than four to one, compensating amply the chronic deficit of current transactions of our balance of payments not associated with tourism.

Contribution of tourism to Spanish GDP (current prices)

Millions euros	1996 (P)	1997 (P)	1998 (P)	1999 (A)
Inbound tourism	23.318,0	26.356,8	29.692,9	33.601,8
Other components of tourist demand	27.951,8	29.792,4	32.055,7	34.850,7
TOTAL	51.269,8	56.149,2	61.748,6	68.452,5
Percentage of GDP				
Inbound tourism	5,0	5,3	5,6	5,9
Other components of tourist demand	6,0	6,0	6,0	6,2
TOTAL	11,0	11,3	11,6	12,1

(P): Provisional estimate. (A): Preview estimate



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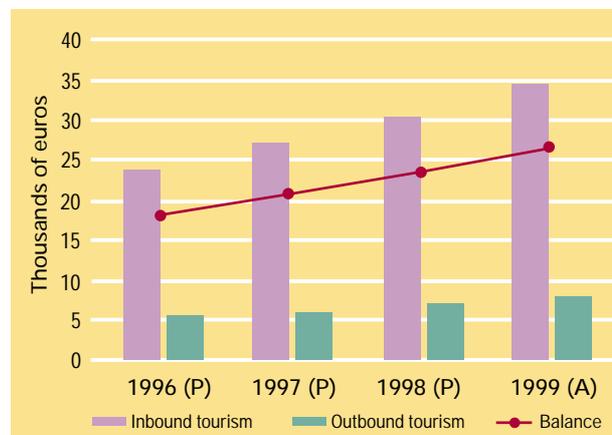
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The increase of tourism contribution to the GDP is especially due to the dynamism of inbound tourism consumption, which raised from 23.818 million euros (M €) in 1996 to 33.601 M € in 1999, with an **annual average growth rate over 12%**.

The rest of the components of tourist demand (resident households' consumption within the economic territory, General Government consumption and gross fixed capital formation) grow to rates more in line with those of some macroeconomic aggregates, specifically with final households' consumption.

The revenues from **inbound tourism**, as result of non-resident consumption in our country, summed up 33.601M € exceeding more than **four times** the payments related to outbound tourism (by residents in the rest of the world), which was 7.946 M € in 1999. This credit balance in the Spanish economy of 25.655 M € means **4.5% of the GDP** and compensates or softens, in some of the years analysed, the debit balance of the current transactions (commercial balance and other services) of the Spanish Balance of Payments, attributed to the rest of foreign trade.

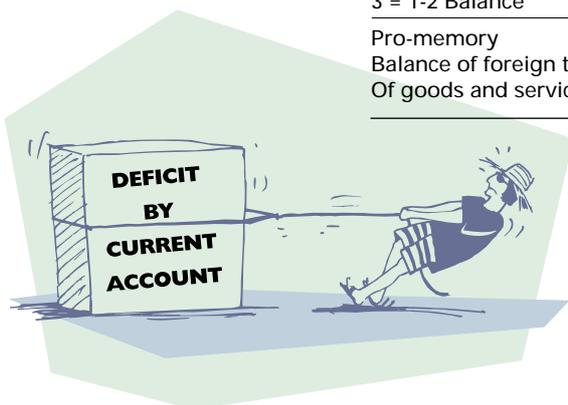
Tourist flows with the rest of the world



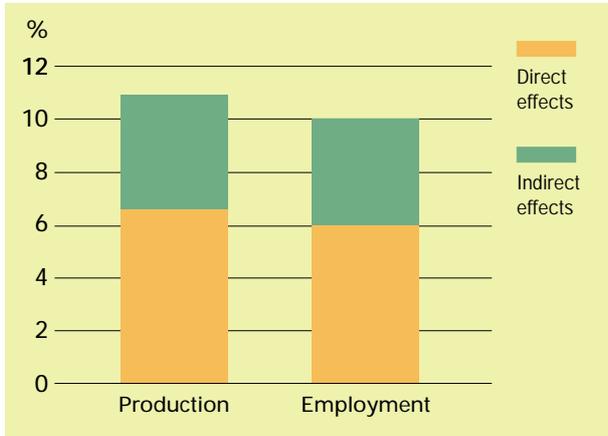
Balance of tourist flows with the rest of the world

Millions of euros	1996 (P)	1997 (P)	1998 (P)	1999 (A)
1. Inbound tourism	23.318,0	26.356,8	29.692,9	33.601,8
2. Outbound tourism	5.570,7	6.143,9	6.885,9	7.946,3
3 = 1-2 Balance	17.747,3	20.212,9	22.807,0	25.655,5
Percentage of GDP				
1. Inbound tourism	5,0	5,3	5,6	5,9
2. Outbound tourism	1,2	1,2	1,3	1,4
3 = 1-2 Balance	3,8	4,1	4,3	4,5
Pro-memory				
Balance of foreign trade				
Of goods and services, excluding tourism	-15.925,4	-15.841,2	-23.302,4	-33.857,4

(P): Provisional estimate. (A): Preview estimate



Direct and indirect effects of tourism in the economy:
Production and employment



For the volume of production, "indirect" effects of tourism are almost as important as direct effects, and this also applicable for the employment.

Direct effects are generated by companies that supply goods and services directly to visitors, while **indirect** or "**multipliers**" effects are the result of the activity generated in other companies of the economic system due to the demand of tourism related companies.

Thanks to the multiplier effects there is a boost from an initial contribution to production of **53.138 M € (6.7%** of the total economy) to **93.687 M € (11.1%)**. In relation with the employment, these figures are **6.2** and **10.1** respectively of the total employment in the economy. These contributions of tourism to the employment point out the outstanding role of this activity as an intensive user of the labour force.



Contribution of tourism to the economy (1996).
Direct and total effects

	Direct effects		Total effects	
	Level	% of economy total	Level	% of economy total
Production (T. euros)	56.138,2	6,7	93.687,5	11,1
Employment (thousands)	863,5	6,2	1.399,7	10,1



Considering the main product categories in tourist consumption, it can be observed that both, inbound and domestic tourism, two large groups, **accommodation services** and **food and beverage serving services**, totalled up to more than 60% of total spending.

The categories considered are:

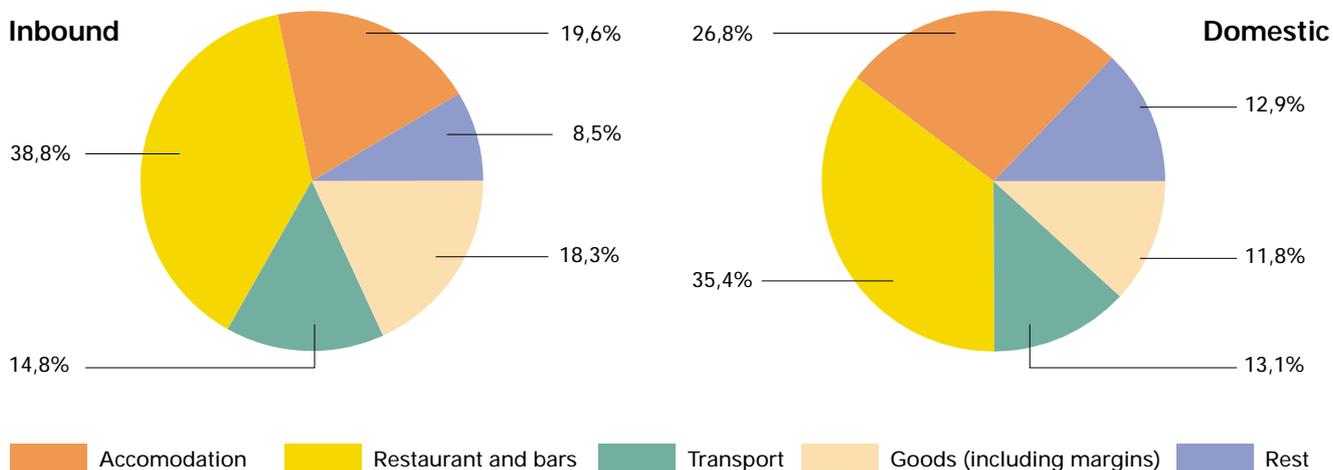
- **Accommodation**
- **Restaurants and bars**
- **Transport of passenger**
- **Goods** purchased by tourists, including intermediary and trader margins
- **Other products and services** (travels agents commissions, rental of cars, cultural, sporting services, etc.)



Tourist demand by products and type of tourism. 1996

	Millions of euros			Percentage structure		
	Inbound tourist consumption	Domestic tourist consumption	TOTAL	Inbound tourist consumption	Domestic tourist consumption	TOTAL
Accommodation	4.454,7	5.835,9	10.290,6	19,6	26,8	23,1
Restaurant and bars	8.813,8	7.700,2	16.514,0	38,8	35,4	37,2
Transport of passengers	3.366,0	2.840,1	6.206,1	14,8	13,1	13,9
Goods (including margins)	4.161,3	2.567,2	6.728,5	18,3	11,8	15,1
Rest of products	1.942,1	2.817,8	4.759,9	8,5	12,9	10,7
TOTAL	22.737,9	21.761,2	44.499,1	100,0	100,0	100,0

Tourist demand by products: inbound and domestic tourism. 1996



Tourism: comprises the activities carry out by persons during their journeys and stays in places different from their usual environment for a consecutive period of time shorter than a year for leisure, business or any other reason.

The **United Nations** recommendations distinguish **six main types** of purposes of the visit: leisure, recreation and holidays; visits to relatives and friends; business and professional; health treatment; religion, pilgrimages; other. For the purpose of the TSAS a very important distinction is between tourist, when the visitor stays at least one night in the placed visited, and same-day visitors, when the trip does not imply staying overnight.

TSAS: they can be described as a set of accounts and tables, based on the methodological principles of **national accounts** and present different interrelated tourism economic parameters for a given reference date. These accounts and tables refer to different variables, both for tourism supply and demand.

In the case of **supply**, aspects such as production and cost structure and of tourism companies, the type of input needed to carry out their activities, the degree of use of labour, investment in productive capital, the role of the General Government as supplier of tourism services are studied.

In the case of **demand**, we try to identify, from the economic point of view, the different types of tourists, national tourism versus international, the type of goods and services purchased, etc. The most important component of demand is **tourism consumption**, which is classified in various categories: **domestic** tourism consumption (carried out by resident visitors on their national trips) **inbound** tourism consumption (consumption linked to non-resident visitors as result of their trips to the economy of reference); **outbound** tourism (the consumption carried out by residents as a result of their trips outside the economy of reference).

Each one of these accounts and tables are useful in themselves; in other words, they provide specific information on some of the relevant aspects of tourism. But what gives the TSAS their real scope is **interrelation** of all these aspects with the aim of obtaining some complete and reliable measurements **of contribution of tourism to the economy** by means of macro variables such as GDP, production or employment.

ESTE



Main statistical projects linked to the elaboration of the TSAS

Denomination	Objetives and characteristics	Temporal reference	Institution
Supply			
Structural statistics on tourism supply: <i>Annual Services Survey</i>	Includes estimates of economic variables of activities related to tourism (hotel companies and similar, food and beverage serving services, travel agencies services, transport of passengers services, rental of vehicles)	Annual from 1998.	INE
Travel agencies and tour operators module <i>Annual Services Survey</i>	Information on the revenues by type of service offered (package tour, products offered individually, etc.) and on the composition of packages tours.	Annual from 1998. Reference years 2000 and 2001	INE
Specific module of accommodation services <i>Annual Services Survey</i>	Information requested to hotels on production by type of serviced rendered (accommodation, restaurants, congresses, etc.) and costs annexed to this production.	Annual from 2000.	INE
<i>Tourist Accommodation Occupancy Survey</i> (former surveys on travellers movement)	Measurement of the occupancy and movement of travellers in hotel establishments, tourist camp sites, tourist apartments and rural tourism accommodation	Historical series since the 1960s in hotel establishments. In the last few years the scope has been broadened to other types of accommodation	INE

EGATUR

The main project linked to the TSAS is **EGATUR**, an operation carried out jointly by three institutions: **INE**, **ITS** and **Bank of Spain**. The aim is to measure inbound (non-residents who visit Spain) and outbound (Spanish residents who travel outside the country) tourism consumption. This is a statistical operation carried out on the main border points: roads, airports and ports.

The **EGATUR** questionnaire focuses on **five main subjects**: general characteristics of the trip and the traveller (reasons for trip, nationality, frequency of visits, duration of stay, type of accommodation); the expenses carried out for the trip in the country of origin; expenses at destination by main products (transport, accommodation, car rental, others); type of the trip (whether the traveller has come on a package tour or not, components of the PT, average price, questions on transport within the TP); means of payment used on their trip: credit cards, cash, traveller cheques, etc.

The magnitude of this operation can be illustrated mentioning that the approximate number of surveys carried out (taking 2000 as a reference) is over **86.000 annual surveys** of which more than 61.000 correspond to non-residents and 25.000 to residents in Spain.

Specific modules on expenditure business trips

A new module have been introduced in the INE's economic surveys (Industrial Survey and Services Survey) and in the Structure of Construction Survey carried out by the Ministry of Public Works in order to measure the expenditure on business trips by resident companies, which is also a component of tourism according to the definition of the TSA methodology. The module measures total expenditure and their basic components (transport, accommodation, food.)..



Denomination	Objetives and characteristics	Temporal reference	Institution
Demand			
<i>Tourist Expenditure Survey (EGATUR)</i>	Estimate of the expenditure of non-resident tourists and same-day visitors. Estimate of the expenditure of Spanish residents in the rest of the world.	January 2002.	INE IET Bank of Spain
<i>Household Expenditure Survey</i>	Distribution of resident household's expenditure by geographical territory	Quarterly since 1988.	INE
Specific modules on business trips expenditure in the economic surveys. <i>Industrial Survey of Companies; Construction structure survey; Annual Services Survey)</i>	Expenditure on business trips carried out by Spanish companies. Total amount and broken down by products. (Estimate of business trips expenditure)	Annual from 2000.	INE
<i>Tourist flows of non-resident visitors. (FRONTUR)</i>	Quantification and characterisation of non-resident visitors.	Monthly. Since January 1996.	IET
<i>Tourist flows of resident households (FAMILITUR)</i>	Quantification and characterisation of trips made by Spanish residents. Since 2000 includes data on expenses.	Monthly. Since 1996.	IET



Specific accommodation services module

A specific module has been introduced into the INE's Annual Services Survey to **measure the production of accommodation services and associated** the costs. Specifically, data have been classified in three major categories: business figures according to activities carried out and services rendered (accommodation, restaurant and bar services, discotheques, sports and recreational services, health treatments, retail trade, telephone services); business figures according to the type of client (households, tour operators, travel agencies and other companies) and costs by products.

Specific module of travel agencies services and tour operators

The objective of this module is to obtain information on one of the main aspects of the TSAS, which is **the composition of "package tours" by type of service and products included**. For this reason, the revenues have been classified according to the type of product and service sold (own packages tours, package tours made by other companies and services provided individually) and by type of client (households, tour-operators, travel agencies, etc.) and especially purchases by products and services included in package tours (accommodation, restaurants, congresses, transport, health, vehicle rental, etc.). Moreover, a **breakdown by geographical allocation of the supplier** has been included (distinguishing between Spain, the European Union without Spain and the rest of the world).

Some other traditional sources have also been used in the *TSAS*, such as the INE's *Tourist Accommodation Occupancy Survey* and the statistics on tourism flows on residents and non-residents, which focus on the physical data of visitors.