



**GENERAL GUIDELINES FOR
NATIONAL TOURISM ADMINISTRATIONS (NTAs)
RELATIVE TO THE DEVELOPMENT OF THE
TOURISM SATELLITE ACCOUNT (TSA)**

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- 1. "THE TOURISM SATELLITE ACCOUNT (TSA): A STRATEGIC PROJECT FOR THE WORLD TOURISM ORGANIZATION".**
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- 2. "REPORT ON THE PROPOSAL TO IMPROVE TECHNICAL ASSISTANCE IN THE DEVELOPMENT OF TOURISM SATELLITE ACCOUNTS".**
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INTRODUCTION

The methodological design of the Tourism Satellite Account (TSA), proposed by the World Tourism Organization (WTO), the Organization for Economic Cooperation and Development (OECD), and the Statistical Office of the European Communities (Eurostat), was approved by the United Nations Statistical Commission (UNSC) at its thirty-first session (29 February – 3 March 2000).

This endorsement marked the conclusion of a long period of work initiated in 1995, in which a broad-based group of international organizations (in addition to the aforementioned bodies, the International Labour Organization (ILO), the World Travel and Tourism Council (WTTC) and the International Hotel and Restaurant Organization (IH&RA), etc. and over forty countries contributed their experiences and viewpoints, finally enabling us to come up with a universally accepted international standard.

Since then, the World Tourism Organization (WTO) has organized eight Regional Seminars on “Tourism Statistics and the development of the Tourism Satellite Account (TSA)”. These seminars were attended by over four hundred participants who bombarded our team of consultants with questions. Most of these questions are considered under the heading, “General Issues”, in sections 1 – 5, which follow. The questions and answers, as part of a catalytic process, have assisted in the formulation of, what I consider to be, helpful guidelines.

Some of these guidelines may be interpreted as a response to the impact of the terrorist attacks of 11 September 2001 on the tourism industry, but this is not entirely true. We have indeed been compelled to take immediate steps to refine and upgrade our framework of analysis with a view to improving our understanding of the repositioning of the different tourism patterns that have been triggered by these events. Our ultimate aim remains, to improve the accuracy of measurements of the overall economic impacts of tourism on economic activity in general.

This document is mainly directed at the officials of National Tourism Administrations (NTAs), both as producers and users of tourism statistics, and also as the architects of tourism policies. It contains a set of commentaries on TSA development issues and some general guidelines geared to enhancing and renewing our approach to measuring the economic impacts of tourism and implementing statistics.

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Madrid, February 2002

1. THE TOURISM SATELLITE ACCOUNT: A new approach to understanding the economic impacts of tourism

From an economic perspective, the increasing efficiency in collecting information relative to the activities of people during trips abroad and domestically, in places outside their usual environment, is commensurate with a growing desire to analyse tourism economic impacts on the overall economy in respect of goods, services and employment. This approach, in considering visitor activity, is underpinned by its consideration as a consumer activity, in the broad sense of the term.

However, in order to perform economic analyses of tourism, it is not only necessary to identify the goods and services consumed by visitors but also the resources these visitors use in the course of their trips, hence the need to identify the economic units that supply each type of product consumed by visitors. Accordingly, both the demand and supply side of tourism are equally relevant to the consideration of tourism impacts.

The **Tourism Satellite Account (TSA)** provides us with a means of separating and examining both tourism supply and tourism demand within the general framework of the System of National Accounts.

We are, therefore, dealing with a radical change of focus, which consequently alters our information requirements insofar as the data we now need to obtain differs from that currently available in the vast majority of countries.

This is perhaps best illustrated by considering the variety of information that can be obtained from the **TSA**, concerning:

- **tourism's contribution to the economy** of a given country and its ranking relative to other sectors and in comparison with other countries. By evaluating and using this information, both public bodies and tourism enterprises will increase their capacity to influence decision-making at all levels of the Administration.
- **industries that benefit from tourism**, and to what extent, particularly industries that are not traditionally associated with tourism. For example, certain enterprises will be able to determine how tourism influences their business performance and subsequently use this information to enhance their business strategies and thus increase their competitive edge.
- **the amount of tax generated as a result of tourism activity**, which is an important factor in terms of convincing municipal, provincial, regional and national authorities to design incentives for boosting tourism investments.
- **data relative to visitor demand** and the extent to which it is matched by domestic supply.
- **improvement of knowledge concerning jobs** generated by tourism and their characteristics, without which the creation of really useful employee training programmes in more characteristic tourism activities (e.g. hotels, travel agencies, car rental firms, tourism information services, etc.) can prove to be a haphazard exercise.

Generally speaking, these examples apply to countries that already dispose of a **TSA**, although the previously mentioned data does not necessarily appear in all the tables of results. The process of developing the **TSA** has created the need for new input data; for example, additional data on visitor expenditure. There is no doubt that the extensive **TSA** database provides more robust information and enhances the decisions taken by the various stakeholders in the tourism sector. For example:

- understanding how the various forms of tourism (inbound, outbound and domestic) interact in the national economy
- the ability to gauge both the weight of the tourism expenditure incurred by the various visitor categories (international and national visitors, tourists and same-day visitors)
- the weight of tourism activity in terms of outputs for tourism-related industries

These are just some of the “tools” the **TSA** can provide for National Tourism Administrations (NTAs), thus enabling them to design policies in their respective spheres of activity and to forge links with other government departments and agencies, such as the National Statistical Office (NSO), the Central Bank (CB), the Immigration Department, the Transport Department, etc.

The National Tourism Administration (NTA) should be the most active champion of the Tourism Satellite Account, for three key reasons:

- ***the nature of its jurisdiction*** in the field of tourism, which is a complex and highly diversified sector that overlaps with the sphere of activity of other departments;
- ***being the obvious benchmark*** for the various actors in the tourism sector;
- ***the TSA is a powerful instrument*** in terms of formulating tourism policies.

2. LAUNCHING THE TOURISM SATELLITE ACCOUNT

Structure and Relationships

In every country there will be many stakeholders who will contribute to, and benefit from, the launching of a **TSA**. National Tourism Administrations (NTAs), the National Statistical Offices (NSOs), Central Banks (CBs) and a variety of other government departments, as well as the tourism business sector, all have a vested interest in obtaining the type of information that can be derived from a **TSA**, albeit for different reasons. It is, therefore, vital that an effective active Platform be established to function as a forum where all the stakeholders can put forward their demands and contributions for the creation of the **TSA**, which will help guide and support the technical team preparing the country's **TSA**.

Generally, in most countries, the NSO is in charge of preparing the National Accounts (of which **TSAs** are Satellite Accounts) and it shares responsibility for tourism statistics with the NTA. In some countries, however, the CB, besides being responsible for preparing the Balance of Payments (a key source of information on tourism expenditure associated with inbound and outbound tourism), also takes responsibility for drawing up the National Accounts.

It is not always obvious who – i.e. which national institution – the task of launching the **TSA** should fall to. This will largely depend on the institutional and administrative set-up of the country in question and on the technical-administrative development of its National Tourism Administration (NTA) and other institutions. Some of the previously mentioned stakeholder interests are set out as follows:

1. National Tourism Administration

- It would be able to meet many of the long-standing demands of the sector for information on the performance of inbound visitor expenditure in terms of main source markets, destinations and tourism products consumed; and
- It would be able to develop new indicators for monitoring tourism trends in relation to total expenditure incurred in the country – per person and per trip, the amount corresponding to package tours and a long list of etceteras, all of which would contribute to enriching and increasing existing knowledge of tourism activity.

2. National Statistical Office

- It would be able to determine the structure of expenditure in terms of purpose of trip, identifying business trips, with a view to calculating how much of this expenditure really corresponds to visitor consumption (e.g. in the case of tourism analyses) or to the intermediate consumption of tourism industries (as per National Accounts requirements);
- It would be able to estimate a value attributed to second homes owned mainly for tourism purposes;
- Satellite accounts (tourism, education, health, etc.) represent an extremely valuable tool when it comes to coordinating statistics linked with a vast amount of dispersed data relative to horizontal and cross-cutting activities. The NSO itself can turn this type of exercise to good account, both with a view to enhancing its estimates of some of the National Account headings and strengthening coordination in the field of the General System of Statistics.

3. Central Bank

- It would provide an alternative source of information other than bank records, which are used in practically all countries, for estimating the “travel” item of the Balance of Payments; and

- It would allow a comparison of the data generated by these two sources, with the additional advantage of gaining access to estimates of expenditure associated with different categories of travellers (tourists and same-day visitors) and the corresponding countries of residence.

4. Tourism Business Sector

- It would address demands for specific information that attest to the importance of tourism and that can serve to improve the design of business strategies for operating in national and international markets.
- It will facilitate the comprehension and resolution of certain difficulties stemming from the statistical information to which public players have access, and also because it would provide the required credibility to the results obtained.

TSA Technical Team Leadership

It would be reasonable to assume that the technical chief of the **TSA** project should be a statistical expert in the field of National Accounts, which, barring certain exceptions, is the department best qualified to implement the **TSA**. Personal experience in the field of National Accounts (as a framework for integrating the entire General System of Statistics) can prove to be highly valuable when it comes to delimiting the statistical tasks required to develop the **TSA**.

TSA Workshops

Barring possible exceptions, WTO considers the Regional Seminar chapter to be closed and has now begun to organize **TSA** workshops. Natural candidates for these workshops would be the members of the institutions that form the technical back-up team and, in all events, the actual team leader.

These workshops will be organized on a regional basis until 2003, after which steps will be taken to seek broader homogeneity between the participating countries and to organize sub-regional workshops. Ultimately, WTO intends to use these workshops to forge new communication and working links between the experts from the different countries working in the field of the National Accounts, Balance of Payments and National Tourism Administration.

Guidelines for Consideration

- *The launching of a **TSA** must be underpinned by data on tourism expenditure generated by surveys*
- *The task of setting up these surveys would be the most important technical contribution that a NTA could make, from the perspective of meeting its stated aims in the field of policy design, developing the system of tourism statistics and preparing the **TSA***
- *WTO recommends the creation of an Inter-institutional Platform (e.g. a committee or commission)*
- *Where appropriate, such a Platform should be headed by the NTA in the person of its most senior qualified officer*
- *The members of this Platform should at least include the NSO, the CB, other public agencies that are important administrative sources for the **TSA** project, and private sector representatives*
- *This Platform should specify the exact nature of the corresponding institutional responsibilities and establish an annual work schedule*
- *The Platform should be assisted by a technical back-up team made up of experts appointed by each of the member bodies, and who will be put in charge of preparing the **TSA**.*

3. DEVELOPING THE TOURISM SATELLITE ACCOUNT

Rationalizing Required Resources

Once the Platform has been created and the corresponding technical team formed, steps may be taken to begin the process of developing the **TSA**, to which end – and this is highly recommendable – a realistic timetable should be drawn up establishing the inputs required and the results to be obtained in each phase of this process, as well as specifying the priorities of the NTA.

Broadly speaking, this schedule will be determined by two basic considerations:

- The information that is already available. For example, if no surveys on tourism expenditure exist (associated with inbound tourism at least), it will be materially impossible to develop the **TSA**. Additionally, the existence of an input-output table will condition the actual scope of the project.
- The assignment of the technical team, which should at the very least be made up of experts in the field of Balance of Payments, National Accounts – ideally the project chief – and tourism statistics (either the NSO and/or the NTA).

Feasibility Study

Before steps are taken to develop the first **TSA**, the technical team should conduct a Feasibility Study, the first stage of which will consist of formulating a description of the System of Tourism Statistics (STS) and diagnosing the main characteristics of the tourism sector in the country in question.

Ultimately, the **TSA** Feasibility Study is geared to evaluating the different approaches that can be taken with a view to covering the relevant variables, breaking down to the broadest possible degree products and industries defined in national classifications, identifying the foreseeable number of tables that can be completed, etc. The corresponding **TSA** scenario will be conditioned by the priorities that are determined and available resources (technical staff, data availability and, obviously, financial resources).

The first **TSA**, for example, could be limited to a small number of tables, barring tourism expenditure associated with certain forms of tourism – domestic tourism would be a clear candidate for exclusion in many countries – and solely referring to tourists and not same-day visitors.

The results obtained after preparing a country's initial **TSA** should be considered as provisional until such time as a second exercise has been performed using more and better information. On the other hand, the last phase of this pilot project should not be considered concluded until a set of proposals has been formulated in relation to the development of the country's System of Tourism Statistics (STS) with a view to improving and extending the ongoing **TSA** preparation process.

- *Countries are strongly recommended to conduct a Feasibility Study with the aim of determining the **TSA** project that best suits their requirements*
- *The World Tourism Organization (WTO) offers countries conducting a Feasibility Study the assistance of an experienced team of consultants.*

4. THE TOURISM SATELLITE ACCOUNT AND THE SYSTEM OF TOURISM STATISTICS: Complementary Processes

Introduction

In the vast majority of countries, descriptions of tourism presently focus on the characteristics of visitors, the conditions in which they travel and spend nights, purpose of trip, etc. This is, in all events, the kind of information that can be obtained on the basis of the statistical information that is presently available and which is mainly drawn from statistics for arrivals and overnight stays and the Balance of Payments.

System of Tourism Statistics

If we modify the focus of our analysis with a view to taking account – like the **TSA**– not only of the role of tourism but also its role in the overall economy of a country in terms of generating value added, employment, government revenues etc, we will obviously have to complete existing data (mainly non-monetary) with other monetary-type data (engendered, for example, by surveys of tourism expenditure and surveys geared to measuring the value of the production of tourism industries).

Consequently, the preparation of the **TSA**, which is conceived as a permanent and ongoing process, will hinge on developing the country's System of Tourism Statistics (STS). The STS can be identified as a set of statistical elements, essentially drawn from the different statistical operations (surveys, censuses, administrative records of special interest, statistical publications, databases, etc.) and consisting of methodological references (prevailing concepts, definitions and classifications), and of the actual data and results obtained from these statistical operations.

The Tourism Satellite Account

The **TSA**, on the other hand, provides a framework to harmonise and integrate most of the components of the STS.

*The development of the STS and the process of preparing the **TSA** therefore go hand-in-hand and both are conditioned by three important factors:*

- **Co-operation**
Inter-institutional co-operation insofar as the institutions that will play a leading role in this process (NTA, NSO, CB, tourism industries, tourism researchers and experts) are very different in nature and their functions are designed to meet different requirements and purposes.
- **Sufficient Resources**
The allocation of sufficient economic resources and technical staff, which must be assigned to the institutions involved on the basis of criteria of efficiency.
- **Regular Reviews of Tourism Statistics and Analysis**
*The NTA should establish, on a periodic basis (every two or three years) a specific Agenda or work schedule in the field of tourism statistics and analysis, not only to meet its own requirements but with the purpose of strengthening the inter-agency ownership and co-operation in the **TSA** development process.
*Establishing an Agenda or work schedule of this type represents a number of advantages for the NTA. It will be obliged to identify and prioritise its own requirements in these fields; and as a result, it will be in position to determine exactly what resources should be assigned to meet each of these requirements. This is a relevant observation as the NTA has its own interests in the field of statistics and tourism analysis and therefore cannot – and should not – allocate excessive resources (human and financial) as a result of the **TSA** project.**

5. THE TOURISM SATELLITE ACCOUNT: Future Perspectives for National Tourism Administrations

The Statistical Role of the National Tourism Administrations

Generally speaking, the NTA, among other responsibilities, has hitherto played a twofold role in its capacity as a data supplier and user:

- as the provider of information relative to certain administrative procedures linked with tourism industries and establishments, such as hotels and other forms of accommodation, travel agencies, etc.;
- as the compiler and distributor of the tourism information prepared by other bodies, particularly the National Statistical Office (NSO) and the Central Bank (CB), and other types of data drawn from administrative records such as those kept by border control and traffic regulation bodies, etc.

As a result, the scope of the statistical work conducted by the NTA has hitherto been limited to just a few aspects of the tourism phenomenon and has only taken place on a one-off or sporadic basis.

If the aim is improve measurements of the economic impacts of tourism and, by extension, improve our understanding of how these impacts reverberate throughout the economic system, the NTA will inevitably have to redirect the focus of its work towards producing the pertinent information, even in countries that decide not to develop a **TSA**.

The National Tourism Administration (NTA) should consider the advisability of equipping itself with the qualitative and quantitative indicators it requires to evaluate tourism, both from a macroeconomic perspective and in relation with its principal tourism markets and products, and also with the aim of measuring the efficiency of promotional campaigns.

NTAs should focus their statistical work on all three forms of tourism statistics:

- **Domestic Tourism**
Tourism associated with the country's residents, whose trips are within their own country
- **Outbound Tourism**
Tourism associated with the country's residents and their trips abroad
- **Inbound Tourism**
Tourism associated with non-resident visitors within the country of reference.

It is also suggested that attention should be given to what information is available, not only from conventional sources, but unconventional sources.

- we strongly encourage you always to take stock of the information that is already available and which may be relevant to your latest needs before setting out to gather new data;
- it is worth checking what surveys have been conducted by other agencies in tourism and related subjects, such as travel patterns and transportation usage. Information about tourism facilities, attractions, and accommodation are

available from a variety of sources, i.e. local and regional administrative sources, and private sector trade associations.

Finally, it is worth noting that, for a variety of reasons, whether through definitional difficulties, system inefficiencies, etc., the value and volume of tourism demand and the availability of supply capacity is often underestimated, which can limit the analysis of demand potential and consequent development. The **TSA** process provides a catalyst to overcome these deficiencies.

The technical contribution of the NTA to the STS and the **TSA** project could consist of:

- Disseminating its knowledge of the tourism sector. The NTA's experience in this field is indispensable with a view to ensuring that the efforts deployed in developing the **TSA** are commensurate with the tourism "reality" of the country in question;
- Identifying those sources of administrative data that can be used for **TSA** purposes (which will include, in addition to the NTA's own sources – e.g. hotel and travel agency files – any others considered to be of interest);
- Promoting surveys of tourism expenditure associated with inbound tourism. To this end, the NTA will be assisted by the World Tourism Organization (WTO) which, in collaboration with Canada, Spain and Sweden, has been conducting research into various national experiences – in these three countries and in the USA, Mexico, Finland, France and Italy – on the basis of which steps have been taken to define a questionnaire and propose general guidelines for its implementation.

The work conducted by the National Tourism Administration (NTA) in the field of statistics should essentially be geared to meeting the following aims:

- *the statistical exploitation and permanent updating of the administrative files and records that fall within its sphere of activity;*
- *obtaining, on a regular basis, comprehensive data on foreign visitor arrivals through the various points of access to the country, and which can be associated with, at least, the following visitor characteristics: point of entry, visitor typology, country of residence, purpose of trip, duration of stay, type of accommodation used and main destination;*
- *to this end, the NTA should take steps to boost cooperation with the authorities responsible for border controls and, if necessary, with the various traffic regulation bodies, with a view to disposing of data relative to entry/departure flows that can be used to meet the respective information requirements;*
- *taking steps to promote ongoing surveys of tourism expenditure associated with inbound tourism, which not only meet the NTA's analysis requirements, but also those of the Central Bank and National Statistical Office.*

GENERAL PRINCIPLES

Developing the Tourism Satellite Account: a strategic objective for National Tourism Administrations

Stakeholder Commitment

Clearly, it falls to the countries that decide to set up a **TSA** to create the conditions that are conducive to generating widespread acceptance of this tool by all the stakeholders in tourism. This will enhance the credibility of the tourism sector, hence the insistence of the World Tourism Organization (WTO) on the need to create an Inter-Institutional Platform and to develop the **TSA** project along the lines described earlier on in this document.

System of National Accounts

The term “satellite” applied to the **TSA** implies sharing a whole series of concepts, definitions, classifications and tables with the System of National Accounts, which is why the results obtained must be consistent with the estimates made by national accountants. This will be a difficult target to meet if the body responsible for the National Accounts is not involved in developing the **TSA** (either as project chief or as an active participant in the project).

Stakeholder Endorsement

The participation of National Statistical Offices (NSOs) should not merely consist of drawing on the experience and technical training of its staff, both in the field of basic statistics and National Accounts. It is the NSO's involvement that will provide the exercise with the endorsement it requires: the approval of the methodological design of the **TSA** by the United Nations' most authoritative statistical body doubtless represents a milestone; the NSO, on the other hand, is the only body qualified to ensure that the work that needs to be carried out will receive the required stamp of legitimacy.

TSA Credibility

The task of guaranteeing the credibility of the results obtained, on the other hand, is the responsibility of the NTA in its capacity as the principle user of the **TSA** results, and as the natural platform for exchanges between the various stakeholders in the tourism sector. This will be a difficult undertaking if the NTA is not involved in developing the project from the outset. In other words, if the **TSA** has been conceived as a statistical tool and if statistics are supposed to serve a purpose, the NTA must use the **TSA** as an instrument for illustrating powerfully the issues relevant to tourism and economic policy.

Stakeholder Co-operation and Communication

As stressed earlier on, this mutual co-operation is indispensable. Generally speaking, national accountants and specialists in the field of tourism are not familiar with the characteristics and requirements of each other's fields of work. To reduce the risk of misunderstanding, an open-ended channel of communication should be established between National Accounts specialists and tourism experts, which is another of the aims that should be met by creating a suitable Inter-institutional Platform.

Cooperation between the NTA and the NSO should not be exclusive but should also engage other bodies (the Central Bank, the various traffic regulation bodies, immigration authorities, private-sector representatives, etc.) both with a view to strengthening the credibility of the **TSA** and guaranteeing its viability.

*The World Tourism Organization (WTO) has designed the **TSA** project in such a way as to guarantee the required legitimacy and credibility of the data ultimately obtained, to which end the involvement of the National Statistical Office (NSO) and, where appropriate, of the Central Bank (CB) – as project chief or as an actively involved partner – is indispensable. Moreover, the participation of other institutions will not only strengthen the credibility of the TSA but will also contribute to guaranteeing its future viability.*

*Surveys of tourism expenditure associated, at the very least, with inbound tourism should be considered as an imperative for implementing a **TSA**.*

Fuelled by this conviction, WTO has committed itself to providing the required technical assistance, both in the form of technical materials and in the form of training schemes directed at the experts assigned to the project by countries that share the Organization's views.