Conference on “The Tourism Satellite Account (TSA): Understanding Tourism and Designing Strategies”

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THE IGUAZU CONFERENCE: UNWTO FINDINGS AND EVALUATION
INTRODUCTION

The Conference, whose eight sessions and two workshops were attended by more than 430 delegates and 70 speakers from more than 80 countries, was an opportunity to assess the actual level of development, analysis and application of the Tourism Satellite Account (TSA) worldwide.

The UNWTO believes that, with this level of participation, the Conference served as a valuable forum of exchange of experiences and helped to delineate a set of basic goals that should guide its programme of work in the coming years.

A significant and growing number of countries have included the development of a TSA in their agendas, with the understanding that tourism requires rigorous measurement of its activity in order to boost the credibility of tourism as a factor of economic development as is the case in other sectors of economic activity.

In many countries, developing countries in particular, tourism’s achievements contribute to macroeconomic stability and the performance of current accounts and the balance of payments.

A survey whose results constituted an important input in the discussion identified 67 countries as having an established TSA project, having recently developed relevant TSA experimental exercises, or expecting to begin constructing a TSA during the period 2005/2006.

The experimental exercises, for their part, suggest that in most countries there is a need to improve basic tourism statistics, which in turn increasingly stimulates demand for cooperation and the specialized technical support offered by the WTO.

LOOKING FORWARD: BASIC GOALS

1. Ensuring the legitimacy and credibility of a TSA exercise

Because it is a powerful supporting instrument for the formulation of policies, a national TSA exercise has to meet the following conditions:

- that the data used in its compilation be sufficiently statistically robust;
- that its design be legitimized (a condition that necessarily requires the direction or at least the active participation of the Department of National Accounts – usually located within the Central Statistical Office (CSO)-- to the project); and
- that its results be credible (a condition provided basically by the National Tourism Administration (NTA) and basic tourism stakeholders).

Particularly in the case of an initial TSA experimental exercise, special care should be taken in the management of expectations regarding the results provided by TSA among politicians and persons in charge of the tourism sector.

Fostering false expectations—for instance by suggesting overestimated evaluations of the share of tourism in total GDP—can put NTAs in a difficult situation and debilitate the future credibility of the data it might provide. One way of avoiding this risk—prior to formally initiating a TSA project—would be to evaluate the availability of information and to highlight the importance of constant statistical improvement. Another would be to develop, in parallel with the project, a set of macroeconomic indicators based on the information used in the Balance of Payments, national accounts and tourism statistics themselves, as an initial approach to the quantification of tourism activity within the national economic activity as a whole.
2. Protecting the TSA brand

There is increasing misuse of the term TSA, at both the national and sub-national levels. As a consequence, there is an increasing need for the TSA brand to be protected. As there is also a consensus that the UNWTO should begin to disseminate TSA data, it is necessary to find the most practical way to request from countries (basically NTAs and CSOs) an assessment of the conformance of their TSA methods to the recommended methodological framework for TSAs (in effect, a brand validation approach).

It is understood that such an initiative is consistent not only with the specific function of the UNWTO within the United Nations System, as mentioned in Article 13 of the Agreement between the United Nations and the World Tourism Organization, but also with the responsibility derived from the application of the Principles Governing International Statistical Activities in the field of tourism statistics 1.

The UNWTO is deeply committed to the promotion of the macroeconomic analysis of tourism, as well as to the measurement of the indirect and induced effects of tourism, its effect on the environment, etc., above and beyond the immediate possibilities that the TSA itself can afford (description of the direct effects of visitor expenditure on all the industries producing the goods and services that visitors consume).

3. Guaranteeing its continuity

The UNWTO has been insisting on the importance of promoting the establishment of an inter-institutional network or platform that includes, at the very least the NTA, the CSO, and the Central Bank (CB). Furthermore, the presence of other governmental and private tourism organizations (such as immigration authorities, representatives of the private sector, universities and economic research centres) could be important in order to ensure the representation of different professional spheres (accountants responsible for the national accounts, statisticians, economists, etc.)

The NTAs should play an especially active role in this process and contribute to ensuring the stability of the basic core of technical officials with the appropriate training.

Distancing the TSA from this inter-institutional network and converting it into a self-contained operation that might then be turned over to a consultancy firm is not the proper way to ensure continuous improvement and expansion of national Systems of Tourism Statistics (STS). Instead, the TSA should be viewed as a useful instrument for the systematic reconciliation of economic data on tourism, both internally, and with other systems of macroeconomic data.

4. The TSA as a work in progress

Based on the experience of countries that have already gone through the process of establishing a TSA, three circumstances are needed to ensure the successful implementation of a TSA: the existence of a stable inter-institutional network or platform to support cooperation, a certain degree of flexibility regarding the implementation of the international standard approved by the UN Statistical Commission and finally, gradualism in its execution (meaning development through a series of different phases).

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1 These principles will be presented to the UN Statistical Commission for their official approval at its forthcoming March 2006 session.
There is no unique way of organizing the elaboration process and each country should establish its own path, taking into consideration the peculiarities of tourism in the country (in terms of the present and the foreseeable future), its statistical infrastructure and development and potential resources (both human and financial).

UNWTO should design general guidelines for TSA development with the aim of helping countries define and develop their own national projects. To this end, it is essential that the UNWTO identify good practices and to draw up a basic set of typical national situations in order to be able to develop a prototype outline of priorities and sequential procedures for each situation.

5. **Promoting a strategic alliance between NTAs and CSOs**

Setting up a TSA is a great opportunity to develop a strategic alliance at the national level between the CSO and the NTA, which could generate important mutual benefits.

On the one hand, in the majority of countries, the CSOs are in charge of compiling the National Accounts, of which the TSA is a satellite. This circumstance, and the obvious fact that the development of the TSA should be linked to the development of the national system of statistics, would by themselves explain the central role that belongs to the CSOs. Furthermore, the preparation of the TSA requires the use of techniques such as sampling, the design of general surveys, and specific applications to households and productive units in order to develop tourism statistics from the perspectives of both demand and supply.

On the other hand, the NTA provides the CSO with greater insight and focus regarding the economic impact of the movement of persons for tourism purposes over the borders and within the economic territory.

This strategic alliance should lead to the development and continuity of the official statistics necessary for both the TSA project and the design of strategies on the part of the NTA.

In order to develop credible strategies, the NTAs need rigorous measurements of the expenditure by visitors (either associated with international arrivals or tourism movements of residents within the economic territory) as well as of the activities of industries that cater to them (value of output, value added, employment, prices, etc.)

6. **Bringing economic analysis to the forefront**

The TSA is a particularly powerful instrument to face different types of economic analysis of tourism: it allows tourism to be described in much the same way as other sectors of economic activity, to identify tourism as an internationally traded service, as well as a better implementation and development of models to analyze economic aspects of tourism and trends. This analysis is essential in order to evaluate the different aspects associated with tourism and to propose a selected set of consistent actions to be undertaken.

Extensions to the present TSA conceptual framework developed by NTAs reflect their interest in having a wide variety of instruments of observation and analysis. Nevertheless, caution should be taken not to overstate and distort the meaning of the results that can be provided by the system.

In order to inform decision-makers about the capability and versatility of a TSA, it is necessary to increase its understanding among politicians and businesspersons through the use of a common, though conceptually correct, language.
7. **Fostering its use for the formulation of policies and strategies**

National examples illustrating the different kinds of linkages between the TSA and tourism policy are plentiful: by establishing an official measure of tourism within the national economy, by including the direct benefits for the resident population in terms of employment, by identifying the composition of tourism industries, by providing a solid base for justifying public sector investment in tourism development and marketing, etc.

There is also an increasing number of examples on how the development of a TSA project provides an instrument to improve the design of business strategies (autonomously or in conjunction with NTAs): by including the collection and confrontation of data, providing instruments to develop short-term economic analyses, business trend surveys (also called business opinion, conditions or climate surveys), forecasting programs, etc.

Based on all these experiences, there is broad consensus on the importance of tourism as a strategic sector in the national economy insofar as it provides an essential contribution to the economic well-being of the resident population, contributes to the economic objectives of governments and shows its possible role as a relevant player in moving towards a more innovative economy.

8. **A new leadership for NTAs**

The TSA has also paved the way for very different initiatives that NTAs might take, such as:

- the exploration of new venues of public-private cooperation: the measurement of government income derived from tourism activity, the role played by tourism industries, the improvements of tourism related infrastructure, etc.;
- a new approach to marketing: there is growing evidence that more complete statistical information (regarding both domestic and inbound tourism) can contribute to a more precise design of marketing policies, strategies and programs, to ensure a more efficient management of the resources allocated to NTAs, and to improve analysis; and
- reorienting, to a certain extent, its role relative to the local and regional tourism administrations, contributing to a new framework for shared initiatives.

All these initiatives derive from the basic nature of the TSA, are outcomes of activities carried on by the network of inter-institutional cooperation and will also stimulate a change in the role of NTAs in the medium term.

9. **Sharing knowledge and experience**

The advances that have been made in the development of basic tourism statistics and the strong impulse to the compilation of TSAs in an increasing and significant number of countries have led the international community to include tourism statistics within the process of revision of those standards that are the backbone of the General System of Statistics and the basis of international comparability (as is the case of international classifications of economic activities and products, the System of National Accounts (SNA93) and the Manual of Balance of Payments (BPM5)).
Between April and September 2006, the Inter-Agency Coordination Group on Tourism Statistics (IACG on TS)\(^2\) will hold an international consultation (using an electronic discussion forum on the UNWTO website) in order to update the international standards governing tourism statistics (the so-called 1993 and 2000 Recommendations) with the double purpose of improving the integration between the TSA conceptual framework and that of the SNA93 and the BPM5 (both in a process of revision), and of collecting all the knowledge and experience accumulated over all these years in order to enhance the concepts and definitions of the basic tourism statistics.

We should take advantage of this collective effort in order to identify new cases of best practices and find the most efficient way for less advanced countries to benefit from the experience of more advanced ones.

10. **Defining a far-reaching program of technical assistance**

The success of the TSA Project as it was designed and promoted by the UNWTO and the significant development of national Systems of Tourism Statistics in many countries during the recent years would not have been achieved without the political determination of many NTAs and CSOs to make progress in this area. It is absolutely necessary to strengthen this power and it is urgent to define an ambitious technical assistance program which would enhance the effectiveness of our workshops, pay special attention to the training of staff participating in the process, open new avenues of co-operation with the academic and economic research fields and make it possible to achieve the main targets for WTO Agenda 2010\(^3\) concerning statistical information.

With the experience gained in the 22 workshops held between 2000 and 2004, the UNWTO is in a position to complete the technical material that was generated in the last years. A key initiative here is the design of a *Manual for the development of a TSA*, to be updated regularly and addressed both to compilers and users (especially to those active in the academic and research fields).

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\(^2\) The IACG on TS was created in 2004 in order to “identify issues where coordination is required and find mutually acceptable solutions”. The permanent members of the group are: the United Nations Statistics Division, the Statistical Office of the European Communities (Eurostat), the Organisation for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the International Labour Organization (ILO), the World Trade Organization (WTO) and the World Tourism Organization (UNWTO). Other international agencies, such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC) and the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP), have attended occasionally.

\(^3\) The document “WTO Agenda 2010”, submitted to WTO’s General Assembly (Dakar, Senegal, 28 November – 2 December 2005) identifies the following expected results and performance indicators regarding statistics:

- two-thirds of members countries using United Nations tourism statistics standards;
- two-thirds of the countries of the world regularly providing statistical data for the *Compendium of Tourism Statistics*;
- one-third of member countries having a TSA compliant with United Nations standards;
- one-third of member countries publishing significant data on employment in tourism, within the framework of WTO/ILO cooperation;
- one-third of member countries engaged in improving knowledge of the “travel” item of the balance of payments, within the framework of WTO/IMF cooperation.
VOTE OF THANKS

Finally, UNWTO wants to express its deep appreciation to the Secretariat of Tourism of Argentina, the Ministry of Tourism of Brazil and the National Tourism Secretariat of Paraguay, for the thoughtful and efficient organization of this conference, and to sincerely thank them for the excellent hospitality and for providing the spectacular environment of the Iguazu waterfalls area in which to conduct this important conference.