2.1 Measuring tourism and its contribution to the economy

The importance of improving the reliability, accessibility and transparency of statistics as a vital tool to guide economic development is increasingly recognised in international forums and individual countries. An action plan for fully integrating statistics in decision making, promoting open access to statistics and increasing resources for statistical systems was agreed by the Fourth High Level Forum on Aid Effectiveness in 2011. Amongst priorities identified were the need to ensure that the development of sectoral data is fully integrated into and synchronized with national and regional statistical strategies and to develop programs to increase the knowledge and skills needed to use statistics effectively for planning, analysis, monitoring, and evaluation. The provision and measurement of good quality tourism data requires an active involvement and coordination between key players, including the Ministry of Tourism, National Statistics Office and other bodies that can provide data or engage in its collection such as the Central Bank, customs authorities and tourism business associations.

Robust tourism data is a fundamental requirement for all aspects of tourism planning. In order to have a measure of a country’s competitive position it is essential to be able to track, for example, the growth or decline in visitor arrivals, their expenditures, the main purposes that visitors have for visiting the country, the number of establishments catering for visitors, global market share, and performance with respect to different source markets.

Core data specific to the tourism sector relate to visitor flows, expenditure and the structure of the sector. Regular and consistent collection of data is required on international visitors (predominantly inbound, but also outbound) and domestic visitors (both same-day and overnight visitors). This information may be collected through surveys at points of entry, accommodation establishments or other locations as well as through household surveys on visitor activity and expenditure or business registers. Key data from the supply side (i.e. on those industries supplying to visitors) includes the number and size of tourism businesses, their commercial activities, and levels of employment and pay. Where possible data should seek to measure both the formal and informal sector, as the latter is particularly important for poverty reduction.

Statistical information on tourism’s multiple facets is pivotal in advancing knowledge of the sector, monitoring progress, promoting results-focused management, and highlighting strategic issues for policy decisions. In 2011, as part of an effort to boost the international comparability of tourism data whilst engaging countries in considering a wider spectrum of (oftentimes, available) tourism data, UNWTO significantly expanded the amount of statistical data and indicators it requests from countries and compiles in the *Compendium of Tourism Statistics*. The *Compendium* provides statistical data and indicators on inbound, outbound and domestic tourism, as well as on the number and types of tourism industries, the number of employees by tourism industries, and macroeconomic indicators related to international tourism.

As a complement to such information, and inevitably based on it, UNWTO advances the Tourism Satellite Account (TSA) as the way to measure the economic contribution of tourism. This involves the use of data from the demand side (the acquisition of goods and services while on a tourism trip) and from the supply side (the value of goods and services produced by industries in response to visitor expenditure) of the economy. A methodological framework for drawing up a TSA has been defined, agreed on and

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45 UNWTO (2013) *Compendium of Tourism Statistics*

· The term ‘tourism industries’ used here may also be referred to as ‘tourism activities’. A number of different tourism industries (such as accommodation) make up the tourism sector.
documented\textsuperscript{47} by the international community (with the approval of the UN) and is being followed in a number of countries. The TSA is comprised of ten tables covering: inbound tourism expenditure; domestic tourism expenditure; outbound tourism expenditure; internal tourism expenditure (inbound plus domestic); production account of tourism industries; Gross Value Added (GVA) and Gross Domestic Product (GDP) attributable to tourism demand; employment; investment; government consumption; and non-monetary indicators. The production of a TSA is a sizeable undertaking, requiring considerable human and financial resources, but this is justified by its value as a robust advocacy and planning tool. In countries or situations where in the short term the resources cannot be made available to start the development of a TSA, first some general capacity building support could be provided to strengthen the system of national tourism statistics.

\textbf{Issue 1}

\textbf{The quality of data collection and analysis}

\textbf{Questions to assess the issue and identify weaknesses/needs}

\textbf{(a) Is there regular and comprehensive collection of data on visitor arrivals, profiles and activities?}

Developing countries vary considerably in their national systems of statistics and, inevitably also conditioned by it, in the scope and quality of the core tourism data that is collected and made available. UNWTO has identified in its Compendium of Tourism Statistics the set of data and indicators that can be considered “core” for most countries\textsuperscript{48}. Weaknesses in countries’ systems of tourism statistics may relate to frequency of collection, gaps in content and methodology employed. Technical assessment of sufficiency may be required.

\textbf{(b) Does the collection and presentation of data adequately cover and distinguish between domestic and international visitors and purpose of visit?}

Domestic markets are becoming increasingly important in developing countries. They require different treatment in data collection. Furthermore, in order fully to understand the nature of tourism it is necessary to be able to recognise the different contribution made by trips for purposes of leisure, business and visiting friends and relatives.

\textbf{(c) Is information collected on the structure and performance of the tourism sector and employment within it?}

Some of this supply-side data may be available from the country’s general industrial statistics. This may cover hotels, for example. However, further information may be needed from different types of tourism activities.

\textbf{(d) What factors may be inhibiting the establishment of an effective data collection system?}

A number of factors should be considered, including lack of commitment to measurement, lack of coordination between government agencies and private sector stakeholders, limited awareness of what is needed, lack of expertise and insufficient resources.

\textbf{(e) Is a TSA or similar analysis undertaken to estimate the economic contribution of tourism?}

Some countries may be engaged in the full TSA process, while others may be engaged in a more limited analysis of data to seek estimates of economic contribution or not be pursuing this at all.


\textsuperscript{48} These include data on: visitors (overnight, same day, origin etc.); trips (purpose, duration, expenditure etc.); tourism industries (size, output etc.); and employment (number, status etc.)
(f) Are the needs and requirements of a TSA understood?

The TSA process is well documented but understanding of it can be assisted by capacity building exercises. The significant effort and level of resources needed to produce a TSA should be recognised.

(g) What factors may be inhibiting the development of a TSA?

Data collection issues as identified in (c) above may be a problem. Other factors may include the quality of National Accounts, cooperation between agencies, lack of expertise and insufficient resources to undertake the exercise.

(h) Can tourism data be sufficiently disaggregated to inform specific sustainability issues?

While this pillar is primarily about economic performance and its measurement, tourism data are also relevant to a range of social and environmental issues covered by other pillars. It is helpful to consider whether data that may be collected regularly on supply and demand is sufficient to inform issues such as the geographical spread of tourism to poorer areas, the gender balance in the industry etc. Data issues are also referred to under the individual pillars.

(i) Is data collection and analysis believed to be robust and has it been subject to external validation?

In some countries the reliability of data or their misuse affects the credibility of tourism statistics. It is important to seek an overall view on this and establish whether there have been any checks or more comprehensive validation of the data and procedures followed. Coordination with the National Statistical Office and Central Bank is key in this.

Possible actions to address the issue and improve the situation

- Raise awareness about the importance of collecting adequate statistical data for better managing tourism and its intended effects
- Strengthen commitment and coordination across government and industry on tourism data and analysis
- Review and assess tourism data collection procedures and strengthen where necessary
- Establish a TSA procedure where relevant and feasible
- Increase resources devoted to tourism data and analysis
- Provide capacity building in all aspects of tourism statistics and analysis

Existing Services relevant to the issue that can support possible actions:

2.01 Statistical Strengthening and Development of a Tourism Satellite Account (TSA)
2.02 Statistical Strengthening
2.03 Sub-National Tourism Measurement and Analysis Assistance
2.04 Regional Statistical Capacity Building Programme
2.16 Tourism Sector diagnostics, including Diagnostic Trade and Integration Studies (DTIS)
2.2 Trade, investment and the business environment

The success of tourism as a driver of sustainable development in developing countries depends on the presence of policies and strategies for trade and investment that meet the needs of the sector and an overall business environment that is conducive to growth.

The context for tourism trade and investment will partly be set by a framework of national policies and international agreements. Crucially, tourism needs to be recognised in these. The country’s tourism policy should be seen as setting the objectives and direction for the sector and must be taken into account in determining the parameters for promoting trade and investment in tourism. In turn, the tourism policy should be informed by a good understanding of the wider trade and investment situation in the country, regionally and globally.

Trade policy negotiations and implementation need to address tourism and take full account of its potential to expand exports and promote development. The OECD has observed that “Opening up markets to trade in services and investment could substantially contribute to the development of tourism. But any market opening needs to be properly designed and implemented, taking account of the social and environmental impact, if sustainable tourism and growth are to be achieved”. 49

Tourism markets are opened through the General Agreement on Trade in Services (GATS) at the multilateral level. Many developing countries have made GATS commitments in Tourism and Travel-Related Services, more than in any other sector covered by GATS. 50 Levels of commitment have varied between the different components of tourism (hotels/restaurants; travel agencies/tour operators; guides; and other services) and the GATS modes (consumption abroad; cross-border supply; commercial presence; and temporary movement of natural persons). In some aspects, countries have been concerned about the need to protect local suppliers. Various proposals have been made by groups of developing countries which underline the need for due regard for national policy objectives as well as reducing anti-competitive practices. 51

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50 WTO (2009a) and (2009b) Background Notes on Tourism Services
51 UNCTAD, 2010, The contribution of tourism to trade and development