The link between the Balance of Payments and the Tourism Satellite Account (TSA)

Some perspectives

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- General understanding of the terms “Travel” and “Tourism”
- The Tourism Satellite Account (TSA) as an end-product
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What is generally understood by the terms “Travel” and “Tourism” against the framework of the 6th edition of the draft *Balance of Payments Manual* (BPM6)?

- **Travel**
  - Displacement of persons between different geographic locations
  - For any purpose
  - For any duration
  - Called travellers

- **Tourism**
  - More limited than travel (cover specific types of trips)
  - Outside usual environment
  - For less than 1 year
  - Main purpose should *not* be employment
  - Called visitors (overnight visitors or tourists; same day visitors)

- Tourism is subset of Travel (will become more clear later)
The TSA is the end-product of data that was subjected to other macroeconomic frameworks and is essentially a conceptual framework for understanding tourism from a macroeconomic perspective.

- Focuses on the description and measurement of tourism in its different forms (inbound, domestic and outbound)
- Provides a link to the System of National Accounts (SNA) and the Balance of Payments
- Consistent with the general supply and use tables at national level.
Balance of Payments

- Focuses on the description of the economic relationship between residents and non-residents
- In the well known macroeconomic equation:
  \[ Y = C + I + G + X - M \]
  - \( X \) represents exports of goods and services
  - \( M \) represents imports of goods and services
- Let’s focus on \( X \): (inbound)
  - Travel item in the Balance of Payments forms part of \( X \) since it represents an export of a service to non-residents
– Non-residents “arriving” in a country can be identified at national borders as 2 main categories of natural persons:
  • “inbound” travellers
  • “inbound” visitors
– Inbound travellers include:
  • arriving for work
  • seasonal workers
  • border workers
  • other frequent border crossers
  • long - term patients
  • long - term students
  • crews on regular lines
  • nomads/refugees (if intended length of stay is shorter than 1 year)
Inbound visitors include (this is regarded as tourism statistics)

- recreation, leisure
- business
- visiting family and relatives
- short-term study (shorter than 1 year)
- short-term health care (shorter than 1 year)
- religious
- shopping
- transit
– Expenditures of inbound travellers and inbound visitors are collectively found in the Balance of Payments under the “travel” item.

– On this basis, the “travel” item has a broader scope than tourism statistics.
Some exceptions

- Expenditure by “inbound” visitors on international transportation when representing a non-resident/resident transaction is part of tourism expenditure but **not** included in the “travel” item; it is included in “international passenger carriage” in the Balance of Payments.
- Expenditure of diplomats, consular staff, military personnel (other than locally engaged staff) and their dependants also do **not** form part of the “travel” item. Reason: although being non-residents, they are deemed not to have entered the economic territory of the country in which they are stationed and are therefore excluded from the universe of international travellers.
Thus:
The “travel” and “international passenger carriage” item form part of X in the equation for further processing in the supply and use tables and TSA.
Sources of information
- Certain adjustments to the source information are necessary
- Must make economic sense and portray economic reality
- Big challenge!