



ALMA MATER STUDIORUM
UNIVERSITÀ DI BOLOGNA
CAMPUS DI RIMINI



Strengthening research, innovation and knowledge transfer on Climate
Change & Tourism in Higher Education Institutions in Latin America

The socioeconomic impacts of tourism

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Outline of the presentation

1. The economic impact(s) of tourism – conceptual and methodological issues
2. The Tourism Satellite Accounts: theory and data
3. Tourism development and economic growth: theory and data
4. The other socioeconomic impacts: employment, inflation, poverty
5. Conclusions and key take-away points



1. The economic contribution to the GDP

Most of scientific papers and policy reports start by: «Tourism is an important economic activity as it counts for ...% of GDP...»

Do you know what is the contribution of tourism to the GDP in your country? (Latest pre-pandemic data)

	Your guess	Official data
Argentina		
Colombia		
Ireland		
Italy		
Mexico		
Panama		
Spain		



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	Your guess	Official data
Argentina		1.9 (2019)*
Colombia		2.6 (2019) TSA, GVA
Ireland		..
Italy		5.7 (2019) TSA
Mexico		8.5 (2019) TSA
Panama		9.1 (2013) TSA, GVA
Spain		6.8 (2019), TSA



1. but...



ITALY

2022 Annual Research: Key Highlights¹

Italian Statistics Office, TSA 2019

Global Data			
	Total GDP contribution:		Total Travel & Tourism jobs:
2019	10.3% USD 9,630 BN	Travel & Tourism GDP change:	333 MN = 1 in 10 jobs
2020	5.3% USD 4,775 BN	-50.4% =USD -4,855 BN (Economy GDP = -3.3%)	271 MN = 1 in 12 jobs
2021	6.1% USD 5,812 BN	+21.7% =USD 1,038 BN (Economy GDP = 5.8%)	289 MN = 1 in 11 jobs



WHY?

WORLD TRAVEL & TOURISM COUNCIL

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Consumer Travel Hub ▾

Get Involved

Across Europe, in the 'worst case' scenario, that figure rises to more than 29m (29.5m) Travel & Tourism jobs.

According to WTTC's 2020 Economic Impact Report, during 2019, Travel & Tourism was responsible for almost 3.5 million jobs in Italy, or 14.9% of the country's total workforce. It also generated €232.9 billion GDP, or 13% to the Italian economy.

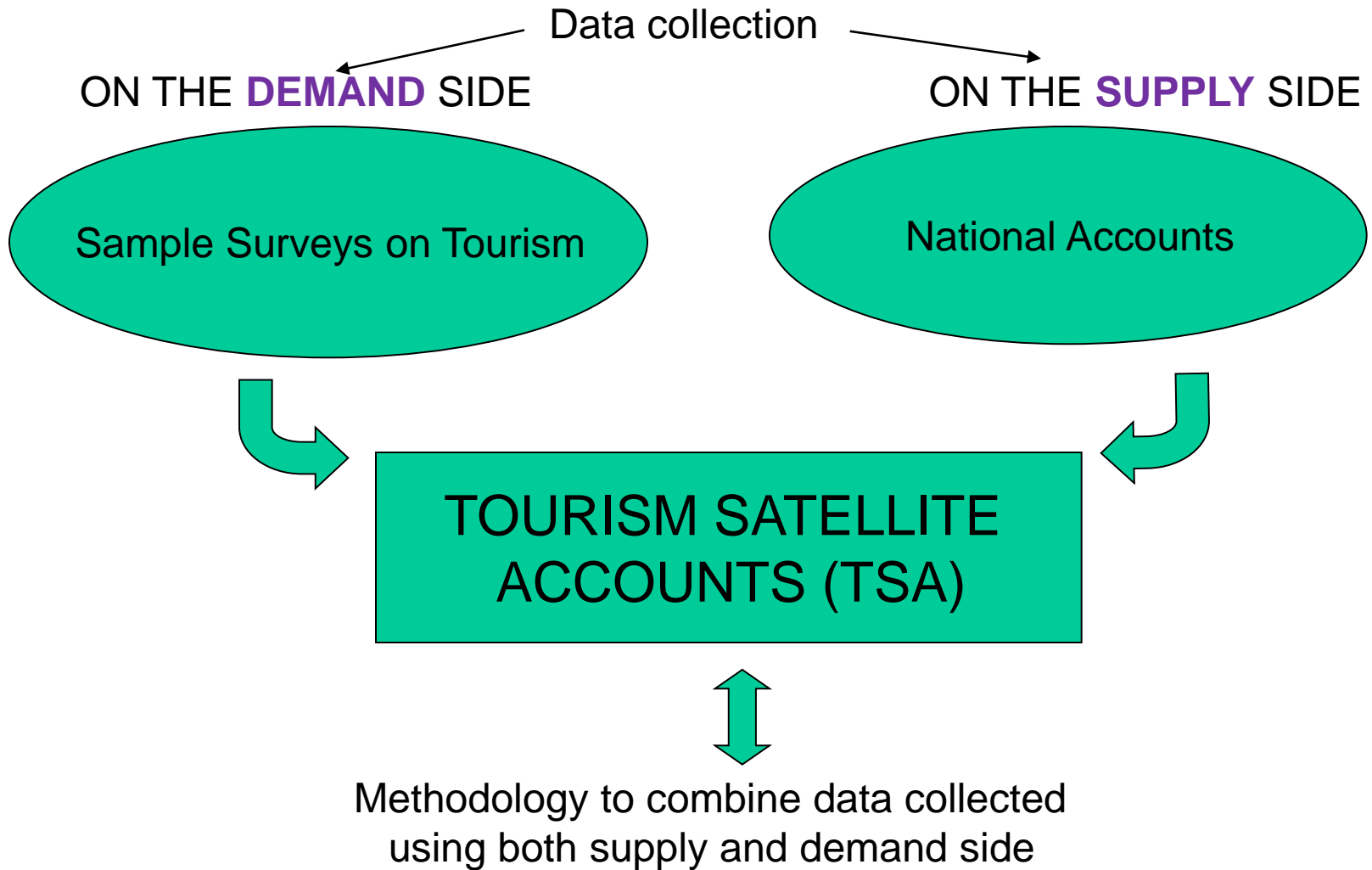


1. Conceptual and methodological issues

- a. **Complexity**: Tourism does not exist in official national accounts, as it is an activity **defined by demand**, not supply
- It overlaps with demand of residents
 - Estimation should be based on **Tourism Satellite Accounts**, merging data collected from tourism surveys with National accounts data
- b. TSAs are time and resource consuming → published data often come from **other methodologies** (e.g. WTTC), with serious problems of uncertainty and reliability
- c. The measurement of the economic contribution **only looks at the GDP**, while there are many economic impacts which are policy relevant (e.g. employment, poverty alleviation...)



2. Tourism Satellite Accounts



2. Tourism Satellite Accounts at work

Eurostat classification	UNWTO classification
A. Specific products	A. Consumption products
A.1 Characteristic products	A.1 Characteristic products
<i>1. Accommodation services</i>	<i>1. Accommodation services</i>
1.1 Hotels and similar	1.1 Hotels and similar
1.2 Second homes - own account or free	1.2 Second homes - own account or free
<i>2. Food and Beverage serving</i>	<i>2. Food and Beverage serving</i>
<i>3. Passenger transports</i>	
3.1 Interurban railway transport	3 Interurban railway transport
3.2 Long distance road transport	4 Long distance road transport
3.3 Water transport	5 Water transport
3.4 Air transport	6 Air transport
<i>3.5 Transport supporting services</i>	
<i>3.6 Transport equipment rental services</i>	<i>7 Transport equipment rental services</i>
<i>3.7 Maintenance and repair of transportation equipment</i>	
<i>4. Travel agencies and other reservation services</i>	<i>8. Travel agencies and other reservation services</i>
<i>5. Cultural services</i>	<i>9. Cultural services</i>
<i>6. Recreation and other entertainment services</i>	<i>10. Recreation and other entertainment services</i>
<i>7. Miscellaneous / Other tourism services</i>	<i>11. Country specific characteristic goods</i>
	<i>12. Country specific characteristic services</i>
A.2 Connected products	A.2 Other consumption products
B. Non-specific products	B. Non-consumption products
	B.1 Valuables
	B.2 Other non-consumption products



2. An example of TSA: Italy, 2019

A	B	C	D
TAVOLA 6 - Offerta turistica interna e consumo turistico			
PRODOTTI		Consumo interno di turismo (4.3)	Quota del turismo sull'output
Prodotti turistici caratteristici	440.024	115.413	26,23
1- Servizi ricettivi per i visitatori	231.802	59.863	25,82
<i>1.a- Servizi ricettivi diversi dal punto 1.b</i>	36.333	35.995	99,07
<i>1.b- Servizi ricettivi relativi all'uso di seconde case di proprietà</i>	195.469	23.868	12,21
2- Servizi di ristorazione	97.941	23.913	24,42
3- Servizi di trasporto ferroviario passeggeri	4.903	3.295	67,20
4- Servizi di trasporto su strada passeggeri	7.176	3.256	45,37
5- Servizi di trasporto marittimo per vie d'acqua passeggeri	3.153	2.508	79,56
6- Servizi di trasporto aereo passeggeri	8.461	8.381	99,06
7- Servizi di noleggio mezzi	21.767	1.455	6,69
8- Servizi delle agenzie di viaggio e altri serv. di prenotazione	6.714	6.673	99,39
9- Servizi culturali	14.333	1.744	12,17
10- Servizi sportivi e ricreativi	43.775	4.325	9,88
Altro	3.609.066	48.599	1,35
Output totale (ai prezzi base)	4.049.090	164.012	4,05



2. Pros and cons of the TSA

- It gives politicians a **simple number** on which to base decisions:
 - Breakdown by industry, of value added and employment
- It straightforwardly connects with the concept of **Keynesian multiplier**: the ratio between the value added generated and the initial tourism expenditure
 - How much income is generated from 1 dollar of expenditure?
- TSA only allows to compute the **direct contribution** of tourism, but total contribution also includes indirect and induced effects
 - Ongoing project funded by the European Commission to develop a methodology and a routine for computing the total contribution and the multipliers
 - Unfold the **different** contribution of the **different** types of tourism, according to the **different** production chains



2. The Total Impact in some EU countries

Country	Direct impact (€ M)	Share of direct impact in VA	Indirect impact (€ M)	Share of indirect impact in VA	Total impact (€ M)	Share of total impact in VA
Austria	24,185	7%	7,029	1.8%	31,214	8.8%
Czech Republic	4,338	2.7%	6,918	4.7%	11,256	7.7%
Estonia	845	4.8%	435	2.5%	1,279	7.3%
Germany	105,300	3.9%	76,100	2.8%	181,400	6.7%
Italy	87,873	5.9%	65,114	4.4%	152,987	10.3%
Portugal	11,120	7.1%	6,292	4.0%	17,413	11.1%
Spain	66,502	7%	40,712	4.4%	107,214	11.4%

Country	Inbound tourism	Domestic tourism	Total tourism	Inbound + Domestic tourism only
Austria	..	..	0.80	0.81
Czech Republic	1.31	1.20	1.26	1.26
Estonia	..	..	0.58	0.68
Germany	..	..	0.63	0.69
Italy	1.30	1.18	1.05	1.36
Portugal	0.95	0.67	0.80	0.85
Spain	0.97	1.22	0.93	0.98

← **Type I multiplier**

Figini and Patuelli, J. of Travel Research (2022)



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3. Tourism development and economic growth – theory and data

- From the multiplier to growth theory: **is tourism a good strategy to achieve economic growth?**
- Back to basic economics: countries specialize in sectors where there are **comparative advantages**. Tourism can be an opportunity, but:
 - Focus on the destination's **competitive advantages**
 - **Tourism technological gap**: to keep generating income, tourism becomes relatively more expensive than other goods:
 - Focus on markets with **high capacity to spend** → crowding out of **domestic tourism**
 - Focus on innovation → **green and responsible tourism**
 - Governing the complexity of tourism requires strong institutions: → **destination management** v. **multinational companies**
- **Empirical evidence**: in the long-run, there is no extra growth stemming from tourism
 - Should it be any different?
 - More than growth, look at the **type of growth**



4. The other socioeconomic impacts: employment, inflation, poverty

- Focus on the environmental and social dimension of **sustainability**;
- Tourism development is **socially inclusive** if it helps reduce poverty and inequality: does tourism enhance **pro-poor growth**?
- Relevance for Latin America, the region with the **highest inequality**

Three main channels connecting tourism and poverty:

- ***inflation***. Tourism increases prices with negative effects on the population (except land and real estate owners)
- ***employment***. If tourism firms and workers come from poor sectors of the economy, tourism development is poverty alleviating, which is stronger, stronger the linkages among sectors
- ***public policies***. If taxes raised on tourism are used for safety nets and redistributive policies (education, health), poverty can be alleviated.

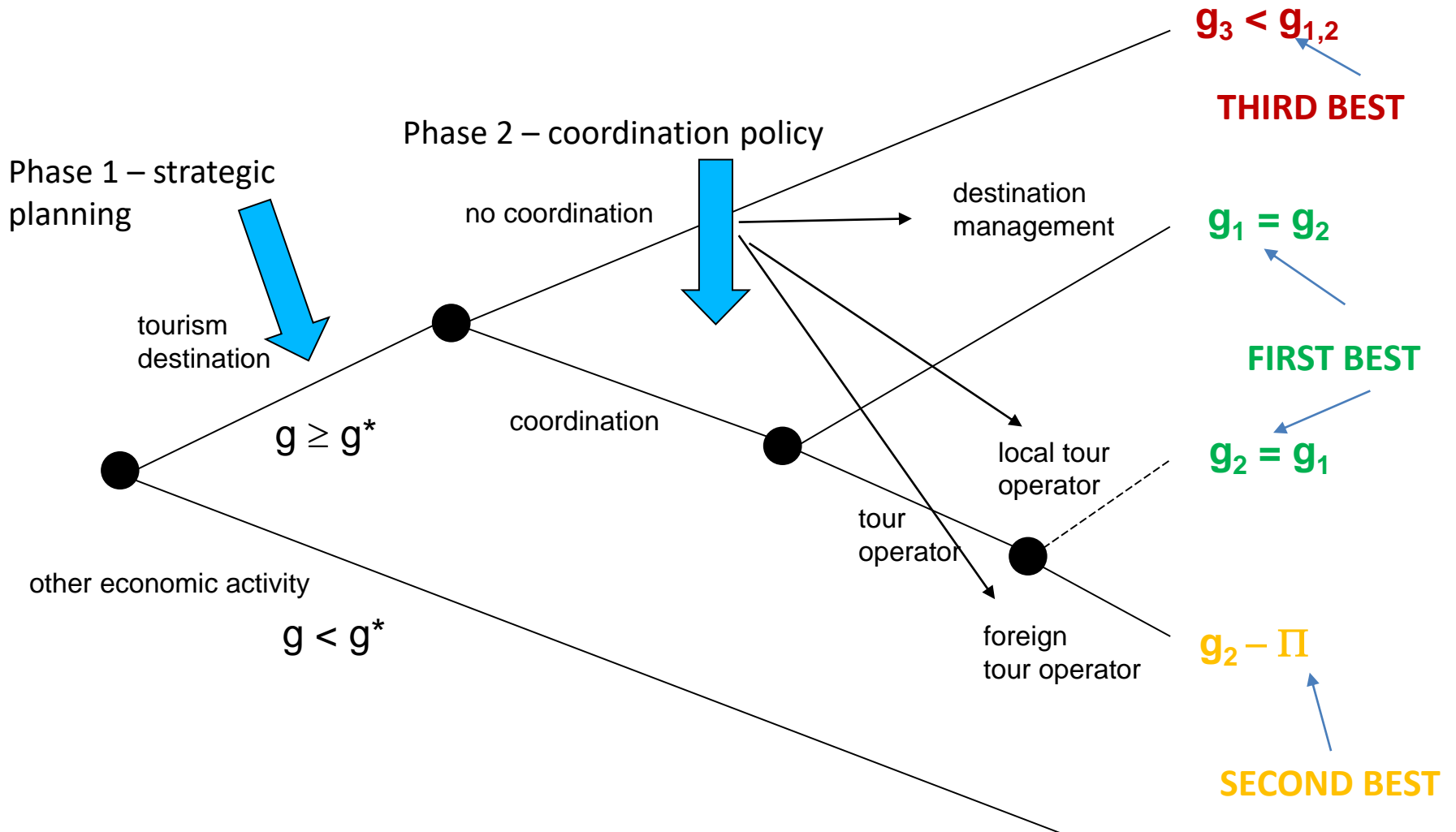


5. Conclusions and key takeaway points

- Tourism is **a bundle of complementary goods** and services:
 - Difficult to identify and measure, easy to misinterpret data
- **Strategic planning** and **coordination policies** are key to generating value added
 - **Central Destination Management** v. **Tour Operators**: two types of (theoretically) efficient coordination
 - However, **they are not distribution neutral**: coordination provided by the foreign tour operator is welfare inferior
- Policies matter. Multinational-driven (**intensive exploitation of resources**) v. local community-driven (**socially inclusive**) tourism development
 - Policies to be evaluated not only in terms of economic gains, but also according to their ability to identify **specific pro-poor programs**



5. The decision tree of the destination





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THANK YOU!

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