



Supply perspective: measuring tourism

Developing National Systems of Tourism Statistics: Challenges and Good Practices
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United Nations Statistics Division
Statistics of International Trade in Services Section



Outline

- **Value added**
- **Gross fixed capital formation**

Value added - Definition

- To avoid duplication when different productive activities are compared and aggregated.
- Generally the difference between the value of outputs and the value of inputs

National Accounts:

- + The value of output (aggregate supply of goods and services)
- The value of intermediate consumption

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- = **Gross value added**
- Consumption of fixed capital

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- = **Net value added**

Value added – Gross or net?

- As a measure of the additional value created by a process of production in an economy, value added should be measured on a net basis.
- The consumption of fixed capital is an important cost of production. However, as it is difficult to measure in practice.
- **Tourism Satellite Account adopts the gross measurement of value added.**

Gross Value Added

- A measurement of the income generated in the process that remunerates the factors of production
- Relates to a production process taken as a whole that is, a combination of inputs, capital goods, labour and technology, in order to obtain one or more outputs.
- Does not represent any combination of goods or services produced.

Gross value added of tourism industries

- In Tourism Satellite Accounts, **Gross value added of tourism industries** GVATI is the sum of the gross value added of all tourism industries
- TSA also uses **tourism direct gross value added** (TDGVA) as an indicator to link the demand for goods and services by visitors (tourism consumption) and their supply by domestic producers

Gross fixed capital formation

- **Gross fixed capital formation** (GFCF) is an essential additional component needed for analysing the tourism industries
- GFCF includes **both** the gross fixed capital formation of the tourism industries in **tourism specific assets** and the gross fixed capital formation **in other assets**, not considered as tourism specific.
- GFCF is a “flow” indicator. It is easier to measure the trend in new fixed investment (flow) than the accumulated fixed capital stock.
- Also **transactions in non-produced non-financial assets** (such as land) and **in non-produced intangible assets** (such as landing rights or trademark rights) may also be important in a broader perspective.