

**THE CURRENT PROBLEMS IN THE DEVELOPMENT OF TOURISM SATELLITE ACCOUNTS,
TOURISM STATISTICS AND THEIR ROLE IN THE DEVELOPMENT OF INDUSTRY IN
GEORGIA**

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Abstract

Tourism is one of the priority areas of economic development in Georgia. Georgia being a part of world tourism market has the ability to become an attractive country for foreign tourists in a short period of time thus this attraction as a whole will contribute to the country's socio-economic development. The market model for the formation of tourism statistics should be created in order to analyze the current condition of tourism and to forecast its future development. This is caused because of current situation – the number of foreign tourists should be specified; quantitative assessment of domestic tourist flows is not available; the volume of tourism product and its share in country's macroeconomic indicators in general is not calculated; the exact data about employment in this field is not available; calculation of aggregate indicators of investment is complicated; value added of tourism and tax incomes receivable in given field could not be calculated. In the following paper the attention is paid to the problem of creating of Tourism Satellite Accounts in the Georgian National Accounts system. These accounts play the key role in achievement of tourism sector sustainable development as the core of country's economic growth and future infrastructural development. This system exactly is the basis of the estimation of tourism product share and forecast in country's economy.

Keywords: *Tourism Statistics, Tourism Satellite Accounts, Tourism Expenditure, Internal Tourism Consumption.*

JEL classification: L83

Survey. In spite of global economic crisis, the Georgian tourism industry continues to develop. The forecast for the industry is highly optimistic. As it says, the industry will create more jobs and generate more income in the years to come. The number of arrivals to Georgia is expected to increase substantially thanks to various steps taken by the Government in general and the Georgian National Tourism Administration (GNTA) in particular. Among the actions taken by the GNTA towards increasing the number of travelers in the country are development of tourism infrastructure, facilitation of international travel, improvement of service quality, large-scale marketing campaigns, targeting new markets and tourist product development.

In order to evaluate the ongoing procedures in the tourism field precisely, to show a trend and find out the statistical rules it is essential to improve the quality of tourism information supply. This requires to advance the statistical accounting and draw out the methodology for calculating variables, as far as the main parameters of tourism statistics, which are recommended by World Tourism Organization are not shown in statistical practice in fact, and accordingly –

indicators are not shown in general information data. This is caused by the complexity and difficulty of getting tourism information and as a result incomplete accounting. There is not tourism, as a separate field, in the classifier of economic activities. That is why the information of partially or fully tourism related processes is spread in the different types of service industry. Besides, the objects of service fields where the tourism processes are spread are not fully included in it. Also, the level of unobserved economical indicators is too high. Nevertheless, in the last decade the tourism field became one of the most important factors in the successful development of national economy and business that obviously should not lack the information resource.

Statistical registration is regulated by the “Law of Georgia on Official Statistics”¹. The goal of the Law is to ensure producing independent, objective and reliable statistics in the country based on the internationally recognized basic principles of statistics. Tourism as an independent field is not separately registered. In the classification of fields the “service statistics” provides the data about “Hotels and

restaurants” that could be most likely used for tourism analysis. These are the following information:

- Number of employees at hotels and restaurants;
- Average monthly remuneration of persons employed at hotels and restaurants
- Data on production value, intermediate consumption and value added in hotels and restaurants;
- Turnover of hotels and restaurants;
- Investments in the fixed assets in hotels and restaurants;
- Production value in hotels and restaurants by regions, organizational forms and type of ownership
- Purchases of goods and services in hotels and restaurants
- Indicators reflecting the main activities of hotels;
- Hotel load by regions
- Distribution of visitors by country of origin;
- Distribution of visitors by the purpose of their visits;
- The number of enterprises in the field of hotels and restaurants.

Although, the sphere of interest for statisticians is the total number of visitors by countries and regions, by purpose of visit, by sex and age, by occupation and etc., they are not specified in any form of statistical registration. In April 2010 National Statistics Office of Georgia produced special survey about the distribution of visitors by countries, which were sent to all the registered travel agencies in Georgia. For statistical analysis of tourism, as a special field of service, such data flow from tourism companies is necessary on regular basis. It is not obtainable to harmonically transfer the international methodology of tourism statistics in Georgia. That requires the development of Tourism Satellite Accounts in country and establishing it in the practice of tourism statistics.¹

Tourism Satellite Account provides an international framework for analyzing tourism expenditures in a systematic and consistent way that links tourism to the System of National Accounts. The ongoing development of TSAs as national promotion tools has been a process dating back to at least 1993. The focus on the development of TSA has brought together the following organizations: United Nations World Tourism Organization (UNWTO), World Travel and Tourism Council (WTTC), Organization for Economic Cooperation and Development (OECD), United Nations (UN), Eurostat, and a number of government statistical agencies, national tourism administrators and central banks.

The fundamental structure of the TSA relies on the balance existing within an economy between, on one hand - the demand for goods and services generated by visitors and by other consumers and, on the other

hand - the overall supply of these goods and services. More specifically, a TSA measures:

- Tourism’s contribution to gross domestic product (GDP)
- Tourism’s ranking compared to other economic sectors
- The number of jobs created by tourism in an economy
- The amount of tourism investment
- Tax revenues generated by tourism industries
- Tourism consumption
- Tourism’s impact on a nation’s balance of payments
- Characteristics of tourism human resources
- The development of TSA in Georgia is important for different reasons:
 - For tourism industry - It allows to assess with much more accurately the economic importance of tourism in the national economy; Makes possible measurement of structure and performance of tourism industry; Enables the analysis of the problems and opportunities, therefore assists the better planning of the tourism industry development.
 - For national statistical system - TSA is an important tool for the formulation of an effective public policy in the field of tourism; Strengthening of the national statistical system in terms of cooperation and standardization of the statistical methodology; Increased public recognition of the importance of tourism statistics and justification of new/additional research in this area; International comparability of national statistics; Strengthening the interests of international organizations in providing assistance.

International methodology recommends to develop ten standard tables of Satellite accounts:

Table - 1 Inbound tourism expenditure by products and classes of visitors. It is done through the survey of the international travelers by border type. The survey includes the questions about their expenditures, purpose of visit and other details.

Table - 2 Domestic tourism expenditure by products, classes of visitors and types of trips. The source of information is the survey of domestic travelers.

Table - 3 Outbound tourism expenditure by products and classes of visitors. This table is not being done at the moment, as far as there is not precise and accurate information about the expenditures spent by citizens of Georgia.

Table - 4 Internal tourism consumption by products. It is a sum of inbound and domestic tourism expenditures.

Table - 5 Production accounts of tourism industries and other industries (at basic prices). The table is closely linked to the production of the national accounts.

Table - 6 Total domestic supply and internal tourism consumption (at purchasers’ prices). The

¹ Abesadze, N. *The problems of setting UNWTO tourism statistics recommendations in Georgia, Tourism, Economy and Business, International Conference collected papers, Batumi, 2010*

data necessary for the table is not available at the moment, but it is projected to create the supply and consumption table that will allow producing the tourism satellite account.

Table – 7 Employment in the tourism industries. The data is received on the basis of the quarterly household survey (employment and income section).

Table – 8 Tourism gross fixed capital formation of tourism industries and other industries. The detailed structure of investments made in fixed capital does not exist. The problem will be solved when the domestic supply and internal tourism consumption table is created.

Table – 9 Tourism collective consumption by products and levels of government. The data does not exist for insufficient specification of administrative figures.

Table – 10 Non-monetary indicators of tourism.

Only five TSA statistical tables are being produced in Georgia nowadays: Table 1, Table 2, Table 4, Table 5 and Table 7.

The further improvements planned in 2013 are to make an outbound tourism survey and to enhance the methodology of existing surveys. As a result, it is expected to produce table 3 and table 10.

The development of Tourism Satellite Accounts should be done in two or more stages depending on the development of source data. The first stage should be the compilation of tables 1-7 and table 10. At a

minimum, in order to speak about TSA, there should be a detailed information of supply and consumption of goods and services acquired by visitors (tables 1-4) and of production accounts of the industries that produce them (table 5) as well as their components, as this constitutes the core of TSA (table 6).

The second stage should be the compilation of table 8 “Tourism gross fixed capital formation of tourism industries and other industries”, and table 9 “Tourism collective consumption, by product and level of government”. The compilation of these tables requires not only the gathering of data from types of sources that usually are not part of the current statistical programmes of Georgian National Tourism Administration, but also overcoming of some specific conceptual challenges.

Conclusion. The current study demonstrates the value of Tourism Satellite Accounts. The compilation of tourism and travel statistics is not a simple task and although improvements have been made in Georgia in recent years – we still have some way to go to meet international standards. Developing a TSA will provide decision makers with a valuable tool for planning and policy making. In particular, it will provide them with reliable data of tourism’s impact on the economy and employment. As well, it permits the measurement of both domestic and nonresident tourism—and the employment associated with each.

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