



14th May 2021
TOURISM SATELLITE ACCOUNT
2020

GVA GENERATED BY TOURISM IS ESTIMATED TO DECREASE 48.2% IN 2020

In 2020, the Gross Value Added generated by Tourism (GVAGT) is estimated to decrease 48.2%, compared to 2019, in nominal terms, which compares with the 4.6% reduction in the national economy GVA. Tourism Consumption in the Economic Territory (TCET) fell by 50.4%, while the Gross Domestic Product (GDP) decreased by 5.4%, with an unprecedented reduction of the inbound tourism expenditure (tourism exports).

The GVAGT represented 4.6% of national GVA (8.4% in 2019), while the TCET was equivalent to 8.0% of GDP (15.3% in 2019).

The sharpest decrease in tourism, both of GVAGT and TCET compared to the Portuguese economy as a whole, reveals the particularly damaging effects on this economic activity from the COVID-19 pandemic.

Applying the Integrated System of Symmetric Input-Output Tables of 2017 to the main results of the Tourism Satellite Account (TSA), it is estimated that the tourism activity has generated a direct and indirect contribution of 12.8 billion euro to the GDP nominal value in 2020, which corresponded to 6.3% (11.8% in 2019) of national GDP. Using the same analytical referential, it is estimated that for the rate of change, in volume, of national GDP (-7.6%), the reduction in tourism activity contributed by around $\frac{3}{4}$ of the total.

Statistics Portugal presents the preliminary estimate of the Tourism Satellite Account (TSA) for 2020, for four main aggregates: Tourism Consumption in the Economic Territory (TCET) and, using the system of Input-Output Tables, the Gross Value Added generated by Tourism (GVAGT), the total GVA and the total GDP of tourism.

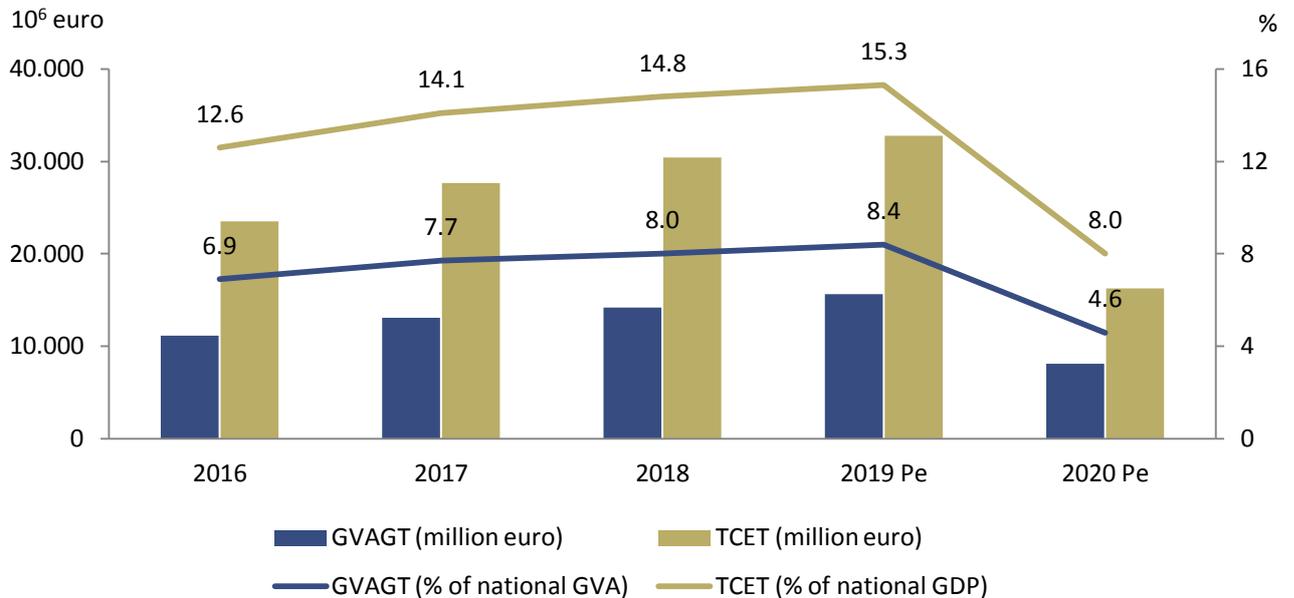
1. Main results

In nominal terms, GVAGT amounted to 8,105 M€ in 2020 and represented 4.6% of national GVA (8.4% in 2019), while TCET amounted to 16,273 M€, equivalent to 8.0% of GDP (15.3% in the previous year).

GVAGT and TCET registered very significant decreases, with nominal changes of -48.2% and -50.4% compared to the previous year, respectively. These two TSA aggregates decreased more sharply than the national GVA and GDP (nominal changes of -4.6% and -5.4%, respectively), reflecting the effects of the limitations resulting from the COVID-19 pandemic imposed on the tourism activity in 2020.



Picture 1. GVAGT and TCET evolution (2016 – 2020)



Source: Statistics Portugal (Tourism Satellite Account)

Considering as main reference the item "Travel" of the Balance of Payments, there was an unprecedented reduction in the expenditure of inbound tourism (tourism exports) in 2020, decreasing more than 50% compared to the previous year. Domestic tourism expenditure (including other components) has also declined, although less significantly.

In fact, taking as a reference the overnight stays in tourist accommodation establishments, the reduction in overnight stays by non-residents was almost twice as higher than the corresponding reduction in overnight stays by residents.



Picture 2. Evolution of overnight stays in tourist accommodation establishments (2014-2020)

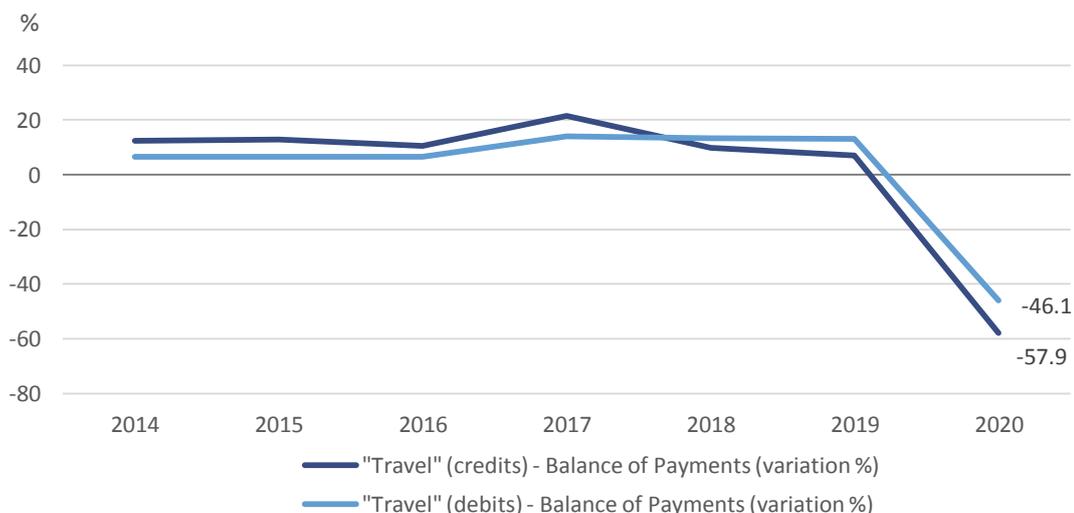


Source: Statistics Portugal (Tourism Statistics)

It should also be noted that tourism imports, corresponding to the debits of the "Travel" item of the Balance of Payments, also registered a sharp reduction in 2020 (-46.1%), but this was less significant than the observed in exports (credits), reflecting the strong limitations on international travel resulting from the pandemic. This situation may have caused a less pronounced decrease in expenditure by residents in domestic tourism or other goods and services and may also have been reflected in an increase in residents' savings.

The following picture shows the evolution of the item "Travel" (credits and debits) of the Balance of Payments.

Picture 3. Evolution of the item "Travel" (credits and debits) – Balance of Payments (2014-2020)



Source: Banco de Portugal (Balance of Payments)



As a result of the significant reduction in tourism activity in 2020, the contribution of GVAGT to national GVA (4.6%) decreased to an extent which was only lower in 2010 (4.1%). In the case of the weight of the TCET in the national GDP, this reached in 2020 (8.0%) the lowest record since 2000 (the first year for which TSA information is available in Portugal), lower than the previous minimum observed in 2003 (8.2%).

2. The contraction of the tourism activity might have contributed about ¾ to the reduction of GDP in volume

By applying the 2017 Integrated Symmetric System of Input-Output Tables to the main results of the TSA, it is possible to determine the direct and indirect impact of tourism activity in the national economy.

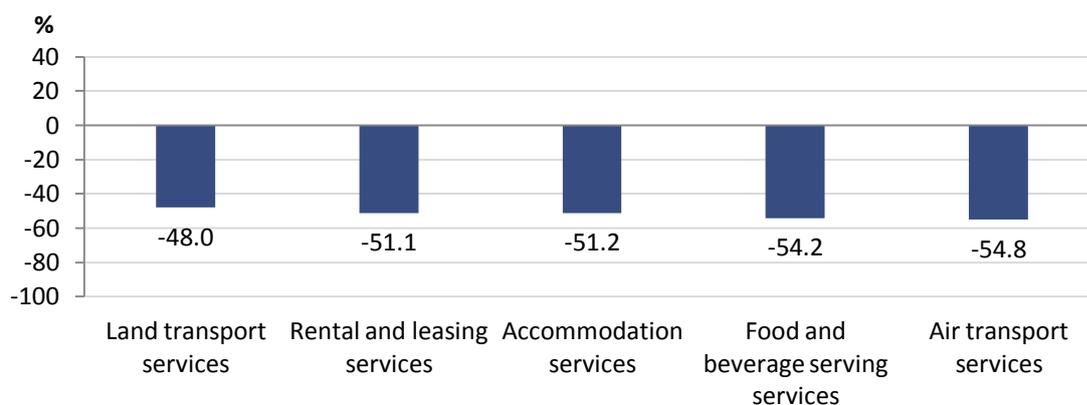
The Input-Output system, respecting the general equilibrium between aggregate supply and demand, represents the interaction between the different domestic economic activities. Thus, it allows estimating, under some assumptions¹, the spill over effect of tourism consumption changes to all economic activities.

It is estimated that, in 2020, tourism expenditure contributed (direct and indirectly) to 6.3% of national GDP (12.8 billion euro) and 6.2% to the national economy GVA (10.9 billion euro).

The year of 2020 was marked by a significant contraction of the economic activity, which was translated into a 7.6% decrease in the volume of the GDP. According to the estimates obtained by this system, the reduction in tourism activity may have contributed with -5.8 p.p. to that result, which corresponds to more than ¾ of the reduction in national GDP.

It should be noted that the products which most contribute to the tourism GDP, such as accommodation, food and beverage serving, transport (especially air transport services) and rental and leasing services, were the ones which suffered the most from the economic impacts of the COVID-19 pandemic, which resulted in reductions, in volume, between 48% and 55% in the tourism GDP generated by these activities.

Picture 3. Reduction, in volume, of products which most contribute to tourism GDP, in 2020



Source: Statistics Portugal (Tourism Satellite Account)

¹ Among these assumptions are highlighted: constant technical coefficients, no economies of scale, inexistence of changes in relative prices and no substitution effects, unlimited productive capacity; homogeneous goods and absence of financial restrictions.



METHODOLOGICAL NOTES

The Tourism Satellite Account (TSA) has as methodological framework the Eurostat's *“European Implementation in Tourism Satellite Accounts handbook”* and the *“Tourism Satellite Account: Recommended Methodological Framework 2008”* of the United Nations, OECD, Eurostat and World Tourism Organization (WTO).

On the other hand, and since the TSA is a project consistent with the System of National Accounts, its concepts, classifications and methodological references, such as the United Nations System of National Accounts (SNA2008) and the European System of Accounts (SEC2010), are essential.

The United Nations International Recommendations for Tourism Statistics 2008 is the main conceptual reference of International Tourism, ensuring the consistency of the TSA with the Tourism Statistical Information Subsystem, for concepts and definitions, as well as with other subsystems such as the Balance of Payments. Reference is also made to the publications *“Measuring the role of tourism in OECD economies. The OECD manual on tourism satellite accounts and employment of the OECD”* and *“Designing the Tourism Satellite Account (TSA). Methodological Framework”* from the World Tourism Organization (WTO).

The components of Tourism Consumption in the Economic Territory and the GVA generated by tourism

Tourism consumption in the Economic Territory (TCET) includes:

- The inbound tourism expenditure, which corresponds to final consumption expenditure made by non-resident visitors in Portugal;
- The domestic tourism expenditure, which corresponds to the final consumption expenditure of resident visitors traveling within Portugal, in places other than their usual environment, as well as to the domestic tourism expenditure made by resident visitors travelling to a different country (domestic component of outbound Tourism);
- The other components of tourism consumption, which include the housing services of second homes on own account, the financial intermediation services and those components of tourism consumption that cannot be broken down by type of tourism and visitor. The other components also include products whose expenditure is made by the General government and whose consumption has individual nature.

The Gross Value Added generated by tourism (GVAGT) corresponds to the share of GVA that is generated by the provision of goods and services to visitors in Portugal, whether resident in the country or not. This value can be considered as the contribution of the tourism activity to the GVA of the national economy.

Preliminary estimate for 2020

The preliminary TSA estimate for the year 2020 includes four main aggregates: TCET and, using the Input-Output Tables, the GVAGT, the total GVA and the total GDP of tourism.

The components of the TCET were estimated from the projection of the respective preliminary values of the 2019 TSA, based on the indicators already available, most suitable for each component of the TSA:



- Inbound tourism expenditure – has as its main data source the Balance of Payments, the credit items of Travel and Passenger Transport².
- Domestic tourism expenditure – the main data sources used were the Survey on guest stays in hotel establishments and other accommodations, the Travel Survey of Residents and the Consumer Price Index (CPI). These sources were combined according to the nature of the TSA aggregates, that is, according to the purpose of the trip (personal or professional) and the main destination of the trip (Portugal or abroad).
- Other components of tourism expenditure – the data sources used for the rents of own seasonal housing were the National Accounts, Housing Price Index and the CPI. For the remaining components, being of a more indirect nature with regard to tourism, they were estimated based on the TSA aggregates, which were calculated by National Accounts.

Data Revisions

There were no revisions of values in the estimates of the present TSA series (2016-2020). Only the weight of the GVAGT in the national economy's GVA and the TCET in the national GDP in 2019 was updated, due to the revision of the GVA and GDP values of the Portuguese economy by the National Accounts.

CONVENTIONAL SIGNS

Pe: First estimate – Preliminary data

ACRONYMS AND ABBREVIATIONS

Eurostat:	Statistical Office of the European Union
GDP:	Gross Domestic Product
GVA:	Gross Value Added
GVAGT:	Gross Value Added generated by Tourism
OECD:	Organisation for Economic Co-operation and Development
p.p.:	Percentage Points
TCET:	Tourism Consumption in the Economic Territory
TSA:	Tourism Satellite Account

² This item refers exclusively to international transport.