



STATISTICAL NEWS

FBoS Release No: 9, 2018

14th February, 2018

Direct Contribution of Tourism to Gross Domestic Product 2008-2014

The information in this release covers direct purchases of goods and services by visitors and the costs incurred by businesses to produce those goods and services.

The United Nations guideline for compiling Tourism Satellite Accounts (TSA) is followed. A Satellite Account is a framework developed by the United Nations to measure the size of economic sectors that are not defined as industries in national accounts. Tourism, for example covers industries such as Accommodation, Transportation, Food and Beverage Services, Recreation, Entertainment and Travel Agencies. Recognizing the complexity of the Tourism Industry, the UN Recommended Methodological Framework of 2008, does not include any measurement of the indirect and induced effects of tourism to the economy as a whole. The total impact of tourism on the economy must be measured and analysed using multipliers derived from the Input-Output tables.

Table 1 that follows shows the continuing growth of net economic output as a result of direct visitor spending. In 2002 the direct tourism value added recorded was \$402m with a 11.2% contribution to the Gross Domestic Product (GDP). The direct tourism value added in 2008 increased to \$614 million and accounted for 13.0% of the total GDP, which represented an increase of 1.8 percentage points compared to 2002. The growth was driven by increases in international visitor arrivals leading to higher demand for output in the following industries: Accommodation and Food Services, Land and Air Transport Services and Recreation.

Table 1: Direct Contribution to GDP

Years	Direct Tourism Value Added [\$]	Direct Tourism contribution to GDP
1995	264,929,000	10.5 %
2002	402,000,186	11.2 %
2008 p	613,617,000	13.0 %
2009 p	486,587,462	10.2 %
2010 p	569,538,941	11.3 %
2011 p	661,638,961	11.5 %
2012 p	703,251,699	11.7 %
2013 p	777,006,487	12.1 %
2014 p	928,128,014	13.0 %

The tourism sector had a direct value added loss of \$127m in 2009 due to the effects of the Global Financial Crisis which equated to a 2.8 percentage points decline in tourism's direct contribution to GDP when compared to 2008. The recovery in 2010 resulted in a direct tourism value added of \$570m which was a 11.3% contribution to the total GDP. There was consistent growth in the direct contribution to GDP grew over the period 2011 to 2013. In addition, remarkable improvements were noted in the performance of air transport. This **provisionally** drove the direct tourism value added for 2014 to \$928m with direct contribution of 13.0% to GDP. This makes the tourism industry Fiji's second biggest industry after Manufacturing.

The Technical Notes attached contains concepts, definitions and the methodology used in compiling the TSA.

For further enquiries please contact Mr Bimlesh Krishna, Chief Statistician – Economic Statistics Division on email bkrishna@statsfiji.gov.fj or telephone 331 5822 (ext.: 386 233).



Epeli Waqavonovono [Mr]
Government Statistician

Reproduction of Material

Any table or material published in this release may be reproduced and published without the Fiji Bureau of Statistics' prior approval. However, the source of information should always be identified and acknowledged in all modes of presentation.

TECHNICAL NOTES

1. The Tourism Industry spreads across a good number of industrial activities such as Accommodation, Food and Beverage, Transport, Travel Agencies, Recreation and Entertainment. The contribution of these industries is apportioned to determine the Direct Tourism Contribution. References are also made to other sources of information e.g. International Visitor Survey Reports for insights into tourist spending habits.
2. **Direct Tourism contribution to GDP** is a percentage of the Direct Tourism Value added to the GDP at current basic price for a given year.

Direct Tourism Value Added	=	Gross Value Added of Tourism Industries	X	Tourism Industry Ratio
----------------------------	---	---	---	------------------------

- a. **Gross Value Added** is the sum of the Value Added of the Industries with Tourism Characteristics and Tourism Related Industries.
 - b. **Tourism Industry Ratio** is the proportion of an industry's output consumed by tourists.
3. **Value-added** is the 'value' that a producer adds to the raw material goods and services it purchases in the process of production. This is the difference between the Gross Output and the Intermediate Consumption.
 4. **Gross output** is defined as gross value of all goods and services produced during the accounting period. These include income from production during the year, gross margin on resale goods, the value of capital construction for own account and other income.
 5. **Intermediate consumption** consists of non-durable goods and services, which are used up, in the production process. In principle non-durable goods are those goods, which have an expected lifetime of use of less than one year, or less than the accounting period.
 6. A **tourism-characteristics product** is one that would cease to exist in meaningful quantity, or for which the level of consumption would be significantly reduced in the absence of tourists. The international practice is that a product is classified as a tourism-characteristic product if at least 25 percent of its production is purchased by tourists (that is, a tourism-characteristics product has a tourism product ratio greater than or equal to 0.25).
 7. A **tourism-related product** is a product that is distinct from a tourism-characteristics product in that tourists consume a smaller proportion of the total supply of the product. According to international practice, for a product to be classified as a tourism-related product, tourists must purchase more than 0 percent and less than 25 percent of its production (that is, a tourism-related product has a tourism product ratio that is greater than 0 and less than 25 percent) for Fiji this norm has been modified to 0-20 percent.
 8. Values are subject to rounding errors.

Definition (International Recommended Tourism Statistics 2008 - UNWTO):

***Visitor** – A visitor is a traveller taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited.*

***Tourist** - A visitor (domestic, inbound or outbound) is classified as a tourist (overnight visitor), if his/her trip includes an overnight stay, or as a same day visitor (or excursionist) otherwise.*

***p** – provisional*

***r** – revised*

***e** – estimated*