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**Technical Group “Travel” Report**



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**TECHNICAL GROUP “TRAVEL” REPORT**

(Draft – 18 February 2000)

**EXECUTIVE SUMMARY\***

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# TECHNICAL GROUP “TRAVEL” REPORT

(Draft – 18 February 2000)

## EXECUTIVE SUMMARY

### Introduction

The report constitutes the main deliverable of the Technical Group "Travel" (TGT), which was set up in 1997 by the Balance of Payments Working Party (BOP WP) to carry out the follow-up of the recommendations formulated by the Task Force "Travel" (TFT) in relation to the problems posed to the compilation of the Travel item by the introduction of the euro notes in 2002. The disappearance of the exchanges of bank notes to travel inside the euro zone, which account for around half of the Travel item in the zone, is going to hinder the use of collection systems based on bank reports, which is the method adopted by most EU countries. Thus, if most of the present collection systems for Travel are not appropriately revised the quality of BOP statistics in the EU zone will be seriously threatened, given that Travel - in terms of magnitude - is the most important element of the international trade in services.

In line with the mandate given to the TGT, the report aims at the improvement of the circulation of information on MS experiences in the planning and in the implementation of new collection systems for Travel. Therefore, the report makes an inventory of the work done so far by the countries in this respect, presents the TGT comments on these experiences and formulates recommendations. The document also illustrates some new methodological insights on collection strategies for Travel, derived from the group investigation and reflection.

The report is supplemented by the companion book *Technical Group “Travel”. Papers on collection plans and methodologies for Travel*, that brings together the full text of several documents, mostly issued by TGT members for the specific purposes of the group. These documents focus on specific issues related to the collection and compilation of Travel BOP statistics and can be examined by the MS to get further insights on particular problems.

## State of the art of practices and problems

### **PRESENT COLLECTION SYSTEMS FOR TRAVEL (REMARK 1)**

A large majority (eleven countries) of the MS presently adopt a system based on bank reports and credit card data. The remaining countries rely on frontier surveys (GB,IE,IT)<sup>1</sup> or on a combination of a frontier survey with a household survey (FI). Despite this convergence on a relatively few general approaches, the systems are far from being uniform as regards the use of the supplementary sources. Many different methods are used to adjust and integrate the data. The exchange of data with partner countries, despite it being necessary in principle to complement the systems based on bank reports, is seldom carried out systematically. The systems of some countries seem to fail to produce the 'minimum' detail required for Travel data by both Eurostat and the European Central Bank.

### **RECOGNITION OF THE PROBLEMS POSED BY THE EURO CIRCULATION (REMARK 2)**

Among the countries currently using systems based on bank reports nearly all of them recognise that the introduction of the euro bank notes in 2002 will involve significant problems regarding the accuracy of the results produced, if the present systems are not revised. The problems will consist of a significant bias in the measurement of both the net and gross flows and also in the geographical allocation of transactions. The problems are foreseen irrespective of the area (EMU / Extra-EMU) of the compiler country and of the counterpart of the transactions. Consequently, for these countries their ability to compile the national balance of payments is seriously threatened. However, the countries at present adopting systems relying on surveys think that the euro circulation will not pose problems for their current systems.

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<sup>1</sup> The following abbreviations are used for countries: AT = Austria, BE = Belgium, DE = Germany, DK = Denmark, ES = Spain, FI = Finland, FR = France, GB = Great Britain, GR = Greece, IE = Ireland, IT = Italy, LU = Luxembourg, NL = Netherlands, PT = Portugal, SE = Sweden.

## Collection strategies for Travel at Stage Three final phase

### **PROBLEMS IN THE NATIONAL PLANNING OF NEW COLLECTION SYSTEMS FOR TRAVEL (REMARK 3)**

With the exception of the relatively small group of countries already adopting a system relying on surveys (FI,GB,IE,IT), which confirmed their intentions to maintain the current approaches, most MS have only depicted provisional strategies. Moreover, in several cases the strategies are not clearly defined even in their general characteristics, as is indirectly indicated by the fact that more than one of the possible options have frequently been indicated as the preferred ones (see next point). Finally, the majority of the ten countries for which a new system is required have not yet specified a detailed plan for its implementation.

### **PREFERRED OPTIONS FOR NEW COLLECTION SYSTEMS FOR TRAVEL (REMARK 4)**

The TGT agreed on the following four main options to combine the various potential sources in a suitable collection system for Travel:

#### *Option 1 - Frontier survey based system*

It relies on the interviewing of a sample of travellers at borders, both non-resident (outbound frontier survey) and resident (inbound frontier survey).

#### *Option 2 - Household survey based system*

The interviewing of a sample of resident households provides information for the debit side. For the credit side, the system relies on the exchange of data with partner countries.

#### *Option 3 - Hybrid system*

In its 'pure' form, for the debit side it is similar to previous option. Differently from the latter, for the credit side various types of sources are used (there is no need for an exchange of data with partner countries).

#### *Option 4 - Credit card based system*

The analytical figures on payments carried out using credit cards are expanded to the total Travel transactions through the information on the share of these payments on the same total, estimated through a specific survey.

The MS have expressed the following preferences from among the options suggested by the TGT as their preferred future collection systems (some countries have indicated a preference for more than one option).

- Hybrid system (with or without other options) = 9 countries (AT,BE,DE,FI,GR,LU,NL,PT,SE)
- Household survey based system (with other options) = 4 countries (AT,BE,DE,SE)
- Frontier survey based survey system (without other options) = 4 countries (ES,GB,IE,IT)
- Credit card based system (with or without other options) = 3 countries (BE,FR,LU)

DK does not intend to follow any of these options, since it will maintain its present system based on bank reports and credit card data, supplemented by surveys.

Table 7.a-b in annex D of the report summarises the position of each MS vis-à-vis i) the present collection systems for Travel; ii) the present perception of the problems posed to those systems by the circulation of the euro notes in 2002; iii) the collection strategies to face the future context devised so far.

**CONFIRMATION OF THE FINDINGS OF THE TASK FORCE "TRAVEL" REPORT (REMARK 5)**

The TGT, in the light of the concrete experiences of the MS, substantially confirms the validity of the findings contained in the TFT Report. In addition to minor revisions, the most important innovation is the inclusion of the credit card based system among the suggested options for future collection systems.

**PROMISING EXPERIENCES IN THE BILATERAL COMPARISONS ON TRAVEL STATISTICS (REMARK 6)**

The in-depth bilateral comparison of Travel statistics carried out by some MS represented in the TGT (see paragraph 3.3.5.1.1 of the report) led to a significant reduction of the bilateral asymmetries between the countries participating in the exercise. This experience proves the advantages of the exchange of data and of the sharing of information on methodologies.

## Recommendations

The TGT formulates the following recommendations, which are in particular addressed to the EU MS.

### **RECOMMENDATION 1 - EARLY START OF THE DESIGN AND THE IMPLEMENTATION OF NATIONAL PLANS**

Taking into account the time that might be needed to implement all the practical requirements, the 2002 deadline appears close enough to suggest an early start of the design and the implementation of national plans is needed. The start of the process is particularly urgent considering that a sufficiently long period of parallel running of the old and the new systems is highly desirable, to allow countries to verify the new systems reliability on the basis of the results produced by the existing approaches.

### **RECOMMENDATION 2 - CIRCULATION OF THE INFORMATION ON NATIONAL EXPERIENCES IN THE DESIGN AND THE IMPLEMENTATION OF NATIONAL PLANS**

The sharing of experiences in the design and in the implementation of national plans should continue in order to improve the effectiveness of the process through a co-operative effort. To this end, the MS should pass the information on national developments to Eurostat, for subsequent dissemination to the other EU countries. The plans should be adequately detailed, with comprehensive information on the characteristics of the sources composing the systems, the strategy foreseen for the integration of sources, the detail and the timeliness of the expected output.

### **RECOMMENDATION 3 - SUPPORT OF THE PRACTICES OF EXCHANGE OF TRAVEL DATA WITH PARTNER COUNTRIES**

MS should co-operate in the realisation of more systematic exchanges of data on Travel. In the short term, these practices can help to test and improve the reliability of national statistics and to reduce the bilateral asymmetries.

## Proposal for the continuation of the work of the Technical Group "Travel"

The TGT proposes - to the BOP WP - the continuation of its activity in order to:

1. pursue the follow-up of the design and the implementation of national plans for future collection systems for Travel in view of the need to support the circulation of information among the MS, in line with the indication given above in RECOMMENDATION 2;
2. further the progress already achieved through the bilateral comparison exercises in improving the quality and reducing the bilateral asymmetries of Travel data (see RECOMMENDATION 3).

To this end, the group could meet with a reduced frequency, providing the BOP WP with a summary report on the progress made.

**Table 7.a – Summary of the planning of EU MS for the revision of collection systems for Travel.<sup>2</sup>**

| <b>Cou<br/>ntry</b> | <b>Present<br/>collection system<br/>(main sources)</b>   | <b>Need to<br/>change<br/>in 2002</b> | <b>Preference among the<br/>options suggested in the<br/>TF Travel Report</b>          | <b>Planned system<br/>(main sources)</b>  |
|---------------------|---|---------------------------------------|--|---|
| <b>AT</b>           | BRS + Credit cards  | Yes                                   | Household survey based system<br>or<br>Hybrid system                                   |   |
| <b>BE</b>           | BRS + Credit cards  | Yes                                   | Household survey based system<br>or<br>Hybrid system<br>or<br>Credit card based system |   |
| <b>DE</b>           | BRS + Credit cards  | Yes                                   | Household survey based system<br>or<br>Hybrid system                                   |   |
| <b>DK</b>           | BRS + Credit cards  | No                                    |  |   |
| <b>ES</b>           | BRS + Credit cards  | Yes                                   | Frontier survey based system   | Inbound / outbound frontier survey  |
| <b>FI</b>           | Frontier survey (credit)<br>+ Household survey<br>(debit) | No                                    |  |   |
| <b>FR</b>           | BRS + Credit cards  | Yes                                   | Credit card based system   | Credit cards + BRS (for Extra-EU)   |
| <b>GB</b>           | Inbound / outbound<br>frontier survey                     | No                                    |  |   |
| <b>GR</b>           | BRS + Credit cards  | Yes                                   | Hybrid system  | Household survey + Credit cards + BRS (for<br>Extra-EMU)<br>- through the improvement of existing surveys -                           |
| <b>IE</b>           | Inbound / outbound<br>frontier survey                     | No                                    |  |   |
| <b>IT</b>           | Inbound / outbound<br>frontier survey                     | No                                    |  |   |
| <b>LU</b>           | BRS + Credit cards  | Yes                                   | Hybrid system<br>or<br>Credit card based system  |   |
| <b>NL</b>           | BRS + Credit cards  | Yes                                   | Hybrid system  | Household survey (debit) + Survey of travellers<br>at accommodation establishments (credit) +<br>Survey of tourist providers (credit) |
| <b>PT</b>           | BRS + Credit cards  | Yes                                   | Hybrid system  |   |
| <b>SE</b>           | BRS + Credit cards  | Yes (*)                               | Household survey based system<br>or<br>Hybrid system                                   | Household survey (debit) + BRS + Exchange of<br>data (with EMU countries, to correct geo<br>breakdown of credits) + Credit cards      |

(continues)

(\*) The present collection system will be changed only if Sweden participates in the EMU.

<sup>2</sup> From the TGT report, Annex D.



**Table 7.b – Summary of the planning of EU MS for the revision of collection systems for Travel.**

*(continues from previous page)*

| <b>Cou<br/>ntry</b> | <b>Planned system<br/>(supplementary sources)</b>  | <b>Timetable<br/>(for planning, tests and implementation)</b>   |
|---------------------|--|---|
| <b>AT</b>           |  | 1999 – Adaptation of household survey   |
| <b>BE</b>           |  |   |
| <b>DK</b>           |  |   |
| <b>FI</b>           |  |   |
| <b>FR</b>           | Debit - Household survey<br>Credit - Inbound frontier survey   |   |
| <b>DE</b>           |  |   |
| <b>GR</b>           | Survey of travellers at accommodation establishments<br>+ survey of tourist intermediaries (tour operators)<br>- new surveys -                       |   |
| <b>IE</b>           |  |   |
| <b>IT</b>           |  |   |
| <b>LU</b>           |  |   |
| <b>NL</b>           | BRS + Credit Cards (from credit card issuers) + other sources  | 1999 – Pilot for household survey and description of sources; 2001 – Implementation of new travel collection system   |
| <b>PT</b>           |  |   |
| <b>ES</b>           |  | 1999 – Testing of questionnaires on expenditures in frontier survey; 2000 (May) – Implementation of the frontier survey                                     |
| <b>SE</b>           | Exchange of data (with non-EMU countries, to correct gross flows) + estimates (to correct geo breakdown and gross flows vis-à-vis non-EMU countries) | 2002 (*) – Expansion of the household survey, provided that exchange of data with partner EMU countries is started<br>(*) If Sweden participates to the EMU |
| <b>GB</b>           |  |   |

STATISTICAL OFFICE  
OF THE EUROPEAN COMMUNITIES

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Directorate B  
Unit B-5

# ***T**ECHNICAL GROUP "TRAVEL" REPORT*

**REVISION OF THE COLLECTION SYSTEMS  
FOR THE TRAVEL ITEM OF THE BALANCE OF PAYMENTS  
OF EU MEMBER STATES  
FOLLOWING STAGE THREE OF THE EMU**



18 February 2000



This report was drafted by Mr. G. G. Ortolani on the basis of the contributions of the members of the Technical Group "Travel". The report also benefited from the comments of the participants to the Balance of Payments Working Party.



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## Technical Group “Travel” Report Table of contents

|  |           |
|--|-----------|
| <b>1. Introduction.....</b>  | <b>9</b>  |
| 1.1. Structure of the report.....  | 11        |
| 1.2. Continuity with the past work.....                                      | 11        |
| 1.3. The new mandate and its interpretation.....                             | 12        |
| 1.4. Lines of action to accomplish the mandate.....                          | 13        |
| 1.5. The written consultation on national plans.....                         | 14        |
| 1.6. Update on Travel users’ needs.....                                      | 15        |
| <br>   |           |
| <b>2. State of the art of practices and problems .....</b>                   | <b>19</b> |
| 2.1. Overview of present collection systems .....                            | 19        |
| 2.2. Details on present systems based on bank reports .....                  | 21        |
| 2.3. Preliminary remarks on existing systems .....                           | 24        |
| 2.4. Collection problems in the transition period (1999-2001).....           | 25        |
| 2.5. Countries’ perception of problems at Stage Three final phase .....      | 26        |
| <br>   |           |
| <b>3. Collection strategies for Travel at Stage Three final phase .....</b>  | <b>29</b> |
| 3.1. Options for collection systems for Travel.....                          | 29        |
| 3.2. Overview on collection strategies for the future.....                   | 35        |
| 3.3. Analysis of systems implemented and planned .....                       | 38        |
| 3.3.1. Frontier survey based systems.....                                    | 39        |
| 3.3.1.1. The system adopted in Italy.....                                    | 39        |
| 3.3.1.2. The system adopted in the United Kingdom .....                      | 43        |
| 3.3.1.3. The system adopted in Ireland.....                                  | 45        |
| 3.3.1.4. The system planned by Spain .....                                   | 47        |
| 3.3.1.5. General pros and cons of frontier survey based systems .....        | 49        |
| 3.3.2. Household survey based system.....                                    | 50        |
| 3.3.2.1. Household survey as a source: the experiences of Member States..... | 51        |
| 3.3.2.2. The system planned by Sweden.....                                   | 53        |
| 3.3.2.3. General pros and cons of household survey based systems.....        | 55        |
| 3.3.3. Hybrid systems.....   | 56        |
| 3.3.3.1. The system adopted by Finland .....                                 | 56        |



|                |   |           |
|----------------|---|-----------|
| 3.3.3.2.       | The system planned by Greece .....  | 58        |
| 3.3.3.3.       | The system planned by the Netherlands .....   | 58        |
| 3.3.3.4.       | General pros and cons of hybrid systems .....   | 59        |
| 3.3.4.         | Credit card based systems .....   | 59        |
| 3.3.4.1.       | The system planned by France .....  | 66        |
| 3.3.4.2.       | General pros and cons of credit card based systems.....   | 67        |
| 3.3.5.         | General issues: exchange of information with partner countries .....  | 69        |
| 3.3.5.1.       | Exchange of information with partner countries .....  | 69        |
| 3.3.5.1.1.     | Practical experiences in the exchange of Travel bilateral data.....   | 70        |
| 3.3.5.2.       | Estimates .....   | 76        |
| <b>4.</b>      | <b>Conclusions.....</b>   | <b>78</b> |
| 4.1.           | Final remarks .....   | 78        |
| 4.2.           | Recommendations.....  | 80        |
| 4.3.           | Proposal for the continuation of the work of the Technical Group "Travel" .....   | V         |
| <b>Annexes</b> | <b>.....</b>  | <b>82</b> |
| Annex A.       | List of abbreviations.....  | 83        |
| Annex B.       | Executive summary of the Task Force "Travel" Report (January 1997).....   | 85        |
| Annex C.       | Consultation on national plans to collect Travel Statistics at EMU Stage Three – Summary of the answers of EU countries ..... | 96        |
| Annex D.       | Summary of the planning of EU MS for the revision of collection systems for Travel .....                                      | 119       |
| Annex E.       | Meetings of the Technical Group "Travel" .....  | 122       |
| Annex F.       | Bibliography .....  | 123       |

## 1. Introduction

In ~~recent~~ the last few years, balance of payments statisticians in the EU Members States have had to face new~~been strongly~~ challenges and following by the advent of ~~the~~ Economic and Monetary Union. Their expertise has had to be fully exploited to solve a number of problems, many of which have never been experienced before. The exchange of views at European level was essential to agree common procedures and to take the opportunity to improve the harmonisation of the current data collection systems.

Since the earlier stages of the preparation to the Monetary Union, the item Travel of the balance of payments was recognised, from a data collection standpoint, as one of the items most affected by the ~~euro~~ introduction of the euro. The major problems were expected to occur in~~for the~~ year 2002, when domestic bank notes of the MU countries will~~would~~ have ceased to exist. The disappearance of the exchanges of bank notes to travel inside the euro zone, which accounting ing for around ~~a~~ half of the Travel item in the zone, would have hindered the use of collection systems based on bank reports, which is the method adopted by most countries.

In 1995 the Balance of Payments Working Party set up the Task Force "Travel" (TFT) with the mandate to identify the potential problems for Travel BOP compiling and to find the appropriate solutions. The TFT concluded its work at the beginning of 1997, by issuing a final report.<sup>3</sup>

Despite a unique common system for all MS could not being found, the outcome of the TFT activity was the recognition of a few alternative strategies as being~~the~~ most adequate to face the future ~~context~~.

The TFT Report gained a broad consensus from the BOP WP members. Nonetheless, at the time of the approval of the report, the deadline of the year 2002 seemed to most MS far enough away to postpone the implementation of new systems, probably with a view~~due~~ to the numerous tasks that had to be accomplished, in a relative short time, in relation to the progress of the Monetary Union.

As a consequence, it was decided that the primary objective to be pursued was the improvement of the circulation of information on MS experiences in the planning and in the implementation of new collection systems for Travel. In 1997, the new Technical Group "Travel" (TGT) was set up with the main task of pursuing this objective.

This report is the principal outcome of the TGT effort. In line with the mandate, it provides an inventory of the work done so far by the MS and presents the TGT comments on these experiences. The document also includes some revisions of the methodological insights provided by the former TFT, which derived from the process of analysis of MS activities and plans.

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<sup>3</sup> Eurostat – B5, *Travel Task Force Report. Measuring the Travel Item of the Balance of Payments of EU Member States. Proposals for Stage III of EMU*, January 1997 (quoted as *TFT Report*).

As a conclusion, this report is meant to give a contribution to tackle a problem that is, in several respects, becoming more and more relevant, as the time of the euro circulation approaches, in several respects.

First, if most of the present collection systems for Travel are not appropriately revised the quality of Travel BOP statistics in the EU zone will be seriously threatened. Consequently, the compilation of BOP statistics on the international trade in services, of which Travel - in terms of magnitude - is the most important element, will be compromised.

Second, in broadening the scope of the reflection outside the BOP area, being Travel BOP is an essential component of the overall tourism statistics, the potential decrease of its quality is in conflict with the increasing recognition of the importance of the economic impact of tourism throughout the world as well as with the growing demand of accurate tourism statistics as expressed by the users. At both the national and international level, tourism statisticians are now in the process of finalising the setting up of a common conceptual framework for Tourism Satellite Accounts. The latter This is meant to provide a credible and uniform approach for the definition of the economic value of tourism in the framework of the System of National Accounts. The availability of accurate Travel BOP statistics in the EU, which is one outstanding area one of the most important locations for the origin and destination of tourism flows, therefore appears therefore crucial.

## 1.1. Structure of the report

The report is structured as follows:

- **§1. Introduction** – Gives the aims of the report, illustrates the terms of reference and the general strategy that guided the work of the group and reviews the users' needs for Travel data.
- **§2. State of the art of practices and problems** – Presents existing collection system for Travel, giving details on the approach that is most common at present, namely the bank reporting system. ~~It;~~ subsequently, lists the additional difficulties arising in the transition period (1999-2001) and outlines the countries' assessment of the problems to be solved in order to tackle the post-2001 situation.
- **§3. Collection strategies for Travel at Stage Three final phase** – Provides details on the systems already implemented or planned by MS to face the circulation of euro notes. Moreover, it presents and- ~~reflectsing~~ the views of the TGT ~~–~~ providing a pros and cons analysis of each approach and comments on the individual national systems.
- **§4. Conclusions** – Summarises the outcome of the TGT activities by formulating recommendations addressed to the EU MS.

The report is integrated-supplemented by the companion book **Eurostat – B5, Technical Group "Travel". Papers on collection plans and methodologies for Travel.**<sup>4</sup> The book brings together the full text of several documents, mostly issued by TGT members for the specific purposes of the group. These documents focus on specific issues related to the collection and compilation of Travel BOP statistics. ~~Therefore, they~~ and can be examined by the MS to get further insights on particular problems. ~~However, even though with some caution, as~~ in some cases the papers might not reflect the latest advancement-thinking of the TGT ~~reflection~~. The papers included in the book are highlighted in the bibliography of this report (Annex F).

## 1.2. Continuity with the past work

As it has been stated above, there is a strong connection between the TFT and the new TGT. In this report, constant reference to the outcome of the previous group work is made.<sup>5</sup> For this reason, to a large extent, this report complements the TFT Report and the reader may not properly take advantage of the former without having taken into account the latter. However, in order to increase the readability of this report as a 'stand-alone' product, a summary of the work and the findings of the preceding group is given in Annex B, that reproduces the executive summary already included in the TFT Report.<sup>6</sup>

<sup>4</sup> Quoted in this report as *TGT Travel – Papers*.

<sup>5</sup> Unless differently stated, this report fully adopts the terminology used in the TFT Report. For example, as regards the definition of the various actual and potential sources for Travel compiling the reader should address himself to the classification of sources contained in § 3 of the TFT Report.

<sup>6</sup> TFT Report, Annex F.

Despite most of the findings of the earlier group ~~proved-proving~~ to ~~be~~ still be valid, some of them had to be revised following the reflections of the new group. The statements of the TFT Report that have been amended are appropriately highlighted.

### **1.3. The new mandate and its interpretation**

The TGT was given the following mandate by the BOP WP.<sup>7</sup> Core actions to be undertaken by the group are reproduced in bold characters.

**“The report should present different survey systems** (including surveys on households, accommodations, passengers, travel agencies, credit card issuers...) used to collect the information on Travel. A written description of each system (for all countries having a survey system or having made precise plans) should be ~~done-produced~~ by a representative of the Institution carrying out the survey. **The TG will comment on these systems. The report should also include a short description of plans** (even tentative) made by all countries (including countries ~~having~~ not yet having a precise description of the system they intend to implement). **The TG will set up some general conclusions** at its last meeting.

**Systems to be studied ~~sh~~ould include the UK and the Italian ones. The US / Canadian experience ~~sh~~ould could also be studied (provided that they participate at one meeting of the TG).**

Justification: this work will help countries to assess the different possibilities offered by surveys to collect information on Travel. In this way, they will be in a better situation to draw up their plans.”

The group acknowledged the difference of this, compared with the mandate given to its predecessor, the TFT.<sup>8</sup> As already mentioned, the TFT had to prepare proposals regarding the collection of data on Travel in the future context. There was therefore a clear need to focus on methodological issues, in addition to those which have been ~~in fact thoroughly~~ investigated in the TFT Report.

The TGT, instead, had to act more as an ‘adviser’ to MS than as a ‘problem-solver’. The task assigned to the TGT was basically the improvement of the exchange of experiences and best practices among MS in implementing the new collection systems.

To this end, the TG had to prepare a report containing:

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<sup>7</sup> Eurostat - Balance of Payment Working Party, *Balance of payments. Progress report 1996 and Work programme 1997-1998*, discussed at the March 1997 BOP WP meeting (ref. BP/97/02/E).

<sup>8</sup> TFT Report, § 1.2.

- a) *presentation of survey systems*;
- b) *comments on the systems*, with a view to the recommendations of the TFT report;
- c) *general conclusions*, i.e. a revision of the conclusions of TFT report, in the light of concrete experiences / plans.

The content of this report, as outlined in § 1.1, reflects this interpretation of the mandate. Consequently, ~~an~~ emphasis is put on the need of taking stock and appropriately synthesising the various national approaches. In that respect, the group noted that MS had to take the initiative to provide the input ‘written description’ of their national systems or plans.

However, despite the mentioned accent on the monitoring of countries activities, the group argued that a clearer assessment of some methodological issues, that ~~were had~~ already been discussed in the TFT Report but ~~that which~~ needed further investigation, was also necessary. In particular, this need arises in relation to the drafting of parts b) and c) of the report, i.e. the parts in which the group had to express views on the work undertaken by MS.

The mandate makes explicit suggestions on some countries’ experiences that could be taken into consideration. The suggestion has been fully followed as regards studying the British and Italian surveys, which have been ~~in fact~~ comprehensively examined since first meetings by the group.<sup>9</sup>

~~As regards~~ Regarding the US/Canadian experience, the group found ~~out~~, by enquiring of Eurostat–B5 ~~in that respect~~, that the reference in the mandate was specifically to a practice of exchange of Travel data between these two countries. The group subsequently ascertained that it concerned a co-operation, discontinued in 1990, in which the US distributed questionnaires to US travellers visiting Canada, processed them and passed the results to Statistics Canada. This activity was part of the border survey operations carried out by Canada to gather information on the country’s international tourism physical and monetary flows.<sup>10</sup> The investigation led to the conclusion that this experience was an example of the outcome of the sharing of collection efforts for frontier surveys between bordering countries but it had limited relevance for the purposes of the group and, therefore, it did not deserve further study.

#### **1.4. Lines of action to accomplish the mandate**

The TGT members agreed to accomplish their task, according to the interpretation of the group mandate reported in § 1.3, following some general guidelines.

First, for the sake of effectiveness, it was decided that, in realising the inventory of country’s experiences in the planning and implementation of new systems for Travel, the group had to concentrate on problems and solutions that could be of general interest, rather than on specific national problems specificities.

<sup>9</sup> Cf. § 3.3.1.1 and § 3.3.1.2.

<sup>10</sup> A brief description of the Canadian/US co-operation for Travel compiling is available in: Statistics Canada, *International Travel. Travel between Canada and other countries 1995 - Appendix*, 1996.

Secondly, as mentioned, it was stressed the need to reserve particular consideration to some methodological issues that could not be exhaustively investigated by the former group.<sup>11</sup> They concern primarily:

- The feasibility and suitability of systems based on credit card information.<sup>12</sup> The former group did not recognise the systems based on credit cards as one of the options suggested by the TFT for future systems.<sup>13</sup> This was because further investigation was considered necessary to state its feasibility. As it will be reported in the following paragraphs,<sup>14</sup> the credit card source proved to be an appealing tool for several EU countries. Some of them, represented in the TGT, further investigated the potential usefulness of this source. For this reason, the group decided to assign to credit card information the status of being an important source for Travel.
- The procedure for an efficient exchange of data and experiences on Travel between EU countries, with the aim of improving existing systems and to support the process of the development of new ones. As it will be explained later on, after the release of the TFT Report, exercises of analytical bilateral comparisons on Travel figures have been successfully carried out, producing a significant reduction of the bilateral asymmetries of the participating countries. Moreover, the issue appears relevant as the household survey based system, i.e. one of the options proposed in the TFT Report for future systems,<sup>15</sup> in its 'pure' form heavily relies on the systematic exchange of data between the EU countries.
- The optimisation of sampling techniques,<sup>16</sup> in view of the improvement of the sample representativeness. The group acknowledged the importance of sample selection to control costs and/or to ameliorate-improve the quality of the results, especially for highly disaggregated figures.
- The specific problems for the collection of expenditure data with household surveys,<sup>17</sup> such as the memory effect on respondents due to the long time lag between the trip and the interview. Moreover, sample representativeness problems, mentioned in the previous point, are especially relevant for this type of source, in which the target population is not directly surveyed, unlike, for example, in frontier surveys.

The TGT members contributed in relation to these methodological issues was with complementing the discussion in the group meetings, complemented with several papers whose main findings are incorporated in this report. As already mentioned, the full text of these documents is included in the separate accompanying book *TGT Travel – Papers*.

### **1.5. The written consultation on national plans**

At the end of 1998, the group became aware of the need to consult all the MS, via a written procedure, on several issues related to the group mandate. It was in fact noted that a more precise and up-to-date picture of country's problems and of the activities envisaged to tackle

<sup>11</sup> TFT Report, § 6.2.

<sup>12</sup> TFT Report, § 3.2.2.1.1.

<sup>13</sup> TFT Report, § 5.2.7.

<sup>14</sup> Cf. § 3.

<sup>15</sup> TFT Report, § 5.2.3.

<sup>16</sup> TFT Report, § 3.2.

<sup>17</sup> TFT Report, § 3.2.1.2, § 5.2.3.1.

them was essential. This was especially true for the MS that were not represented in the group, for which ~~searc-~~little or no information was available.<sup>18</sup>

The experience previously accumulated by the group allowed ~~us to identify~~ pointing out the core questions to be incorporated in the questionnaire submitted to the countries. The questionnaire was structured into three sections:

- A. Present collection systems for Travel
- B. Problems involved ~~by~~ with the euro
- C. Plans for future systems for Travel

In general,<sup>19</sup> the respondents provided detailed information on present systems and the problems involved by the euro (sections A and B of the questionnaire). ~~However~~ On the contrary, the information provided on future plans (section C) was only partially satisfactory for the group purposes, as at the time of the consultation most EU countries had not yet developed a strategy.

A document with a preliminary summary of the answers of MS was produced.<sup>20</sup> This document has been subsequently amended to correct some inconsistencies in the answers of MS and to take stock of further details and /or changes ~~to a~~ on country's present situation, views and plans for the future. The revised version of the summary, which is included in Annex C, should ~~therefore~~ be seen to provide the most up-to-date picture, since it contains to the extent that the relevant information ~~has been~~ provided to the TGT in March 1999, when the consultation took place, and also any or information supplied later ~~subsequently~~. Hence, Annex C is used as a reference for several parts of this report.

### **1.6. Update on Travel users' needs**

In the TFT Report the issue of users' needs for Travel BOP data was thoroughly considered.<sup>21</sup> The assessment of the 'target' breakdown of Travel data was considered particularly important since it influences the design of the collection system needed to produce it, as it will be also noted in following paragraphs. For example, the minimum sample size in survey systems is directly related to the detail required for the results.

The TFT Report concluded that there was a strong need for timely, reliable and comparable Travel figures. They were considered relevant for various types of users. We can assume that, only three years after the issuing of that report, the needs of users like the researchers in the tourism industry and the tourism statisticians have not substantially changed. The requirements for Travel data of national account (NA) compilers<sup>22</sup> would deserve ~~a~~ special consideration, as the need for a set of national accounts referred to the EMU area involves the necessity of a split between Extra and Intra-EMU transactions. However, a thorough analysis

<sup>18</sup> Following a request of Eurostat B-5, the consultation was extended also to Candidate Countries, in relation to the process of co-operation with these countries on BOP compiling practices. However, the analysis of their answers is not included in this report.

<sup>19</sup> With the exception of Greece, which did not answer the questionnaire. However, some general information on this country has been obtained and incorporated in the summary (cf. Annex C, footnote 144).

<sup>20</sup> TG "Travel", *Consultation on national plans to collect Travel Statistics at EMU Stage III – Summary of the answers – EU countries - Draft*, May 1999 – update September 1999, distributed at the October 1999 BOP WP meeting as document BP/99/21/E.

<sup>21</sup> Cf. TFT Report, § 2.

<sup>22</sup> Cf. TFT Report, § 2.2.3.



of this issue goes beyond the scope of present report and, moreover, it can be assumed that most of the NA-related needs are encompassed by the new EMU BOP standards.<sup>23</sup>

On the contraryHowever, an update on the needs of BOP compilers in EU MS appears relevant and necessary, as recently the definition of the set of BOP data to be delivered to the European institutions has been mostly finalised.

At present Travel data are needed to compile a number of statistical products that MS have to report to Eurostat and the ECB. The data are necessary as a ‘primary’ or ‘secondary’ component, in the sense that some of the products require a specific detail for the Travel item, with or without a further breakdown by purpose, and other products only involve information on the global ‘Services’ or ‘Current account’ aggregates. The present analysis does not make distinctions in that respect, assuming that the quality requirements for Travel data are the same in the two cases.

In detail, the products involved for Eurostat are the questionnaires Q1, Y1, Y3 and Y4, the ‘Euro-indicators’ and the ‘Key-items’; for the ECB, they are the lists 2a, 2b, 2c, 3a, 3b and 3c.<sup>24</sup>

By combining the requirements of both Eurostat and the ECB, the group has identified the minimum disaggregation of the Travel item data that the new collection system should be able to produce (Table 1).

The first three columns of the table describe the combination of frequency, geographical breakdown and breakdown by purpose that may be considered the basic target to be reached by BOP compilers in the EU. The deadline for reporting of each combination is indicated in column (d).

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<sup>23</sup> For example, the ‘Rest of the World’ account of the EMU area may still be derived from the BOP current account vis-à-vis the Extra-EMU area.

<sup>24</sup> Cf. Eurostat, *Balance of Payments Vade Mecum*, July 1999; European Central Bank, *The Exchange of Balance of Payments, International Investment Position and Reserve Assets Statistics within the ESCB*, November 1999.

**Table 1 - Minimum Travel figures disaggregation and deadlines for reporting to fulfil the requirements for balance of payments data of Eurostat and the European Central Bank.**

| (a)       | (b)  | (c)   | (d)                 | (e)  | (f)   |
|-----------|--|---|---------------------|--|---|
| Frequency | Geographical breakdown   | Breakdown by purpose  | Deadline            | Product for which the disaggregation is necessary                                  | Other products for which the disaggregation is sufficient   |
| Monthly   | EMU MS:<br>Intra-EMU / Extra-EMU<br>-----<br>Non-EMU MS:<br>None (World total) | None (Services total)   | T + 30 working days | ECB – Monthly b.o.p. key items<br>(Lists 2a-2b for EMU MS; List 2c for non-EMU MS) |   |
| Quarterly | Intra-EU15 / Extra-EU15  | None (Services total) – Net figures only  | T + 2 months        | Eurostat – Euro-indicators   |   |
|           | Level 1  | None (Travel total)   | T + 3 months        | Eurostat – Questionnaire Q1  | ECB – Quarterly b.o.p. data (Lists 3a, 3b for EMU MS; List 3c for non-EMU MS).<br>Eurostat – Key items. |
| Annual    | Level 1  | Business Travel<br>- Expenditure by seasonal and border workers<br>- Other business travel<br>Personal travel<br>- Health related expenditure<br>- Education related expenditure<br>- Other personal travel | T + 6 months        | Eurostat – Questionnaire Y1  |   |
|           | Level 4  | None (Current account total)  | T + 6 months        | Eurostat – Questionnaire Y4  | Eurostat – Questionnaire Y3   |

Column (e) specifies the statistical product for which the target disaggregation is both necessary and fully exploited. Column (f) indicates the other possible statistical products for which the same target disaggregation is sufficient. For example, the last row of the table shows that annual Travel figures geographically disaggregated at level 4 are needed to compile the Eurostat questionnaire Y4, but they are sufficient to compile also the questionnaire Y3, as the latter only requires the same data with a geographical disaggregation at level 3.

As it can be seen in the table, the minimum disaggregation required for monthly data is different between non-EMU MS and EMU MS. This is due to the fact that the ECB asks the former to report only global transactions vis-à-vis the world, whereas the latter are requested to transmit also transactions vis-à-vis Extra-EMU countries.

In the TFT Report a summary table similar to Table 1 had been produced,<sup>25</sup> but it was meant to be a ‘hypothesis of reference’ for Travel users’ needs in general, encompassing the ‘average’ needs of all types of users, not only those of BOP compilers. Therefore, the table above should be regarded as a complement, rather than as a substitute, to the old one.

A comparison between Table 1 and the analogous table of the TFT Report can provide hints on the difference between, respectively, the needs of BOP compilers, on one hand, and those of general users’, on the other hand.

With the exception of monthly data, for which the two users’ categories seem to require an identical level of detail, BOP compilers need a lower level of disaggregation of Travel figures. In fact, the exchange of BOP data with the European institutions does not require a quarterly breakdown by purpose of travel, whereas it seemed to be needed by the users in general. Moreover, looking at the annual periodicity, even if EU BOP compilers should provide an exhaustive geographical breakdown (level 4), they do not have to simultaneously cross tabulate the data according to the purpose of travel, as ~~it~~ appeared desirable by the ‘global’ community of users.

It can ~~be~~ therefore be concluded that BOP compilers’ needs constitute the very minimum constraint to be respected in designing a collection system for Travel. Consequently, Table 1 will be used as a benchmark in commenting on the country’s systems.

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<sup>25</sup> TFT Report, § 2.3, Table 1. A summary of the table content is also reproduced in Annex B - Chapter 2 of this report.

## 2. State of the art of practices and problems

Mainly based on the results of the ad-hoc written consultation previously described,<sup>26</sup> this paragraph provides an overall picture of the present situation. The paragraph is essentially divided in two parts.

The first part analyses the present collection systems. An overview ~~on~~ of the characteristics of the collection systems currently adopted by MS for Travel statistics is followed by a detailed description of the systems based on bank reports, i.e. the collection strategy that is currently largely prevailing most commonly used in the EU, and the one that particularly needs to be revised in the future context. Some preliminary remarks on existing collection approaches concludes this section part.

The second part illustrates the countries' views on the problems that the introduction of the single currency, both in the transition period (1999-2001) and - particularly - at Stage III final phase (from 2002), would pose to the present collection systems.

~~The above two parts~~ These two -sections are meant to give the appropriate background to the presentation of countries' plans for the future, which is the content of the subsequent § 3. The underlying assumption is that the plans derive from the simultaneous consideration of present practices and of foreseen problems.

It must be noted that a detailed presentation of present systems based on surveys is postponed to § 3 since - as it will be explained - these systems are considered capable of facing up to the face also the future context. Therefore, it has been thought more appropriate to include their analytical description in the discussion of future collection strategies.

### 2.1. Overview ~~of~~ present collection systems

Through the written consultation on national plans, the TGT asked the MS to schematically describe their present collection systems by listing the type of sources used and the usage made of each of them.<sup>27</sup> The classification of the usage of sources was the following:

- main source: source that produces most of the information needed to compile the Travel item;
- supplementary source: source that produces minor portions of the information needed to compile the Travel item;
- source used for verification: source used to check the data produced by the first two classes of source.

As regards the type of sources used, the questionnaire proposed a list, reproduced below, that substantially reflects the classification adopted in the TFT Report:<sup>28</sup>

<sup>26</sup> Cf. § 1.5 and Annex C.

<sup>27</sup> Cf. Annex C, question A.1.

<sup>28</sup> Cf. TFT Report, § 3, Table 2. The list differs from the classification used in the TFT Report for the following:  
a) the 'surveys of traveller cheques issuers' are excluded, as the information on traveller cheques and

- S1. Bank reporting system (excluding credit card data)
- S2. Credit card data (from banks)
- S3. Credit card data (from credit card issuers)
- S4. Frontier surveys
- S5. Household surveys
- S6. Surveys of travellers at accommodation establishments
- S7. Surveys of tourist providers (e.g. hotels)
- S8. Surveys of tourist intermediaries (e.g. travel agencies)
- S9. Partner country data
- S10. Estimates and models
- S11. Administrative sources
- S12. Other sources

The present state of collection systems for Travel of the EU MS, in relation to the type and usage of sources of these systems, can be summarised as follows:

- As ~~it~~ is well known - a large majority of the EU MS (AT,BE,DE,DK,ES,FR,GR,LU,NL,PT, SE)<sup>29</sup> adopt~~s~~ two sources as the main pillars of the ir collection system for Travel: the bank reporting system and ~~the~~ credit card data. ~~The~~ Credit card data are collected from banks (BE), through direct reporting of credit card issuers (DE,FR,GR,LU,NL,SE) or through both of these two channels (AT,DK,ES,PT).
- Among the remaining four countries, three of them (IE,IT,GB) use an inbound-outbound frontier survey as the main source, whereas one (FI) adopts a system in which an inbound frontier survey is the main source for Travel credits, complemented by a household survey as the main source for Travel debits.
- Several other sources are always needed to complement the main source(s) in order to compose the overall collection system for Travel. As an average, a combination of 4-5 sources (i.e. a main source plus 3-4 supplementary sources or sources used for verification) is-are adopted. The composition of the set of additional sources differs greatly from country to country.
- Among the countries that use the bank reporting system and the credit card data as the main sources, only two (DK,SE) currently integrate the settlement based system with surveys (sources S4-S8 in the list above) as supplementary sources.<sup>30</sup>
- Estimates and models are used in most countries, as a main (BE) or supplementary (AT,DE,DK,FR,PT,SE) source, or for verification (IT,LU).

Eurocheques is considered in this report part of the 'bank reporting system', even if this information in some MS comes from non-bank clearing agencies; b) the 'credit card data (from banks)' have been separated from the 'bank reporting system'; c) the 'surveys of credit card issuers' are included in 'credit card data (from credit card issuers)'; c) the 'surveys at popular tourist places' are not considered, given their limited usefulness for Travel compiling (cf. TFT Report, § 3.2.1.4).

<sup>29</sup> The following abbreviations are used for countries: AT = Austria, BE = Belgium, DE = Germany, DK = Denmark, ES = Spain, FI = Finland, FR = France, GB = Great Britain, GR = Greece, IE = Ireland, IT = Italy, LU = Luxembourg, NL = Netherlands, PT = Portugal, SE = Sweden.

<sup>30</sup> In SE a household survey is used in order to estimate, on the debit side, the purpose of travel (business / personal) and the geographical breakdown. In DK, a survey of travellers at accommodation establishments (credit) and a survey of tourist intermediaries (credit and debit) are used.

- Practices of exchange of data with partner countries constitute a tool to integrate the data only in a minority of countries (AT,DE,GB,SE use them as a supplementary source). This source is used extensively by AT, DE and SE, which exchange data with 9-11 countries.<sup>31</sup> The exchange concerns mainly the compiling country's notes exchanged in the partner country.

The written consultation provided information on some basic characteristics of the output produced by the countries' present collection system.<sup>32</sup> The key aspects are summarised below:

- Passenger transportation expenditures are excluded from Travel, as requested by the IMF Manual (BPM5), in most countries. The only exceptions are IE, which does not realise the exclusion on the debit side, and AT, BE, GR, and NL for which the exclusion might not be effective in the case of package tours.
- As regards the type of breakdown by purpose of travel provided by the various systems, it resulted-was noted that five countries (DE,DK,ES,FR,PT)<sup>33</sup> are for the moment not able to produce any breakdown; four countries (FI,NL - credit and debit; AT,SE - debit only) produce the IMF standard components, i.e. a split between business/personal; five countries (BE,GB,IE,IT,LU) produce the IMF standard components and (some of the) supplementary items.<sup>34</sup>
- Concerning the frequency and geographical breakdown of the data published, the outcome was that several countries (DE,DK,ES,FI,FR,GB,SE)<sup>35</sup> do not publish geographically disaggregated monthly data. OnAs-an average, most countries publish quarterly and annual data with a geographical breakdown at the Eurostat level 2. Five countries (AT,BE,GB,IT,LU) produce annual data with level 4 breakdown.<sup>36</sup>

## **2.2. Details on present systems based on bank reports**

The written consultation allowed an in-depth analysis of the characteristics of the collection system used by the countries adopting bank reports as the main source for Travel.

Particular consideration was given to this investigation since:

<sup>31</sup> Cf. Annex C, question A.7.

<sup>32</sup> Cf. Annex C, question A.2.

<sup>33</sup> However, FR foresees to provide a split according to the IMF standard components in 1999-2000 and AT will provide a similar breakdown from 1998 data for the debit side.

<sup>34</sup> Business – Seasonal and border workers (IT, GB); Personal – Health-related (IT, GB, BE, LU); Personal – Education-related (IT, GB, BE, LU, IE).

<sup>35</sup> GB had envisaged to supply a Intra/Extra EMU breakdown from June 1999.

<sup>36</sup> It should be noted that the data regularly sent to international organisations - such as Eurostat, the ECB and the IMF - are not considered as 'published'. For example, several countries produce a monthly breakdown between Intra and Extra EMU for transmission of monthly BOP data to the ECB, but they may have declared in the questionnaire of the written consultation on national plans that they do not 'publish' this breakdown, since the latter is not made available to the general public. Consequently, the summary of information on the level of geographical disaggregation of Travel figures of the various MS can not be used to assess the compliance of the same MS to the minimum users' requirements indicated in Table 1.

1. as it has been noted in previous paragraphs, banks represent the most important category of reporters for Travel in the majority of MS;
2. as it is now well known, and as it has been stressed in the TFT Report,<sup>37</sup> the bank reporting system is the approach that needs the heaviest revision in the post-2001 situation.

As a consequence, an assessment of the features of this type of systems allows an evaluation of the present pros and cons of Travel compiling of most of the EU zone. This evaluation, in turn, makes it possible to form a judgement of the quality obtainable with the new systems in relative terms, i.e. vis-à-vis the quality of the existing ones.

A first question<sup>38</sup> asked the MS to indicate the aggregates covered by their own bank reporting system and the criteria used to realise the geographical allocation of transactions of each of them. The classification of the aggregates, defined in the TFT Report,<sup>39</sup> was the following:

- A1. Sales and purchases of notes to / from non-bank customers
- A2. Sales and purchases of domestic notes to / from non-resident banks (shipments of banknotes between resident and non resident banks)
- A3. Issuing, sales and cashing of cheques
- A4. Bank transfers
- A5. Sales and purchases of domestic notes to / from non-bank customers in banks abroad
- A6. Payments through withdrawals / deposit on accounts held with banks abroad by resident non-bank customers

As regards the aggregates covered, the answers received can be summarised as follows:

- Almost all of the countries using a BRS as the main source cover the aggregates from A1 to A4. The only exceptions are BE and LU which do not collect the aggregate A1. In the answer responses of these two countries it is implicitly stated that inter-bank negotiations of foreign bank notes are recorded, in place of over-the-counter sales and purchases of resident banks with non-bank customers.
- Aggregate A5 is only taken into account by AT, DE and SE, which in fact - to this end - carry out an exchange of data with several partner countries.<sup>40</sup>
- Aggregate A6 is only recorded by DK, ES, FR, NL and PT. AT and SE explained that the exclusion is due to the high threshold levels for reporting of movements on accounts held abroad.

As regards the geographical allocation principle adopted for the various aggregates, a convergence towards a common general criterion is apparent for some of the aggregates, particularly:

- the country issuing the currency is the largely prevailing basis for aggregate A1;

<sup>37</sup> Cf. particularly TFT Report, § 4.1.1.

<sup>38</sup> Cf. Annex C, question A.3.

<sup>39</sup> Cf. TFT Report, § 3.1.2.

<sup>40</sup> Consequently, it can be noted that most countries cover the aggregate A2 (inter-bank shipments of domestic notes) instead of recording the aggregate A5. Cf. TFT Report, § 3.1.2 - Aggregate A5 about the alternative use of these two aggregates.

- the country of residence of the involved non-resident bank is commonly used for the inter-bank shipment of notes (aggregate A2);
- the country of residence of the non-resident sender / recipient of transfer is the criterion used for bank transfers (aggregate A4) by the large majority of MS.<sup>41</sup>

~~On the contrary~~ However, no uniform approach can be found for the negotiations of cheques (aggregate A3). The currency of denomination, the country of residence of the non-resident bank involved and the country of origin/destination of the travellers, coexist as the attributes on which the geographical allocation of transactions is based ~~on~~.

Moreover, a diversity in the national approaches results from the difference adopted by some countries to reduce the bias involved by the 'pure' adoption of the above mentioned criteria. For example, DE, ES and PT introduce estimates to partially correct the involved bias deriving from the allocation of aggregate A1 on the basis of the currency; FR introduces estimates in relation to aggregate A2 to correct the bias involved by the wholesale market of notes in Switzerland;<sup>42</sup> SE corrects the debit side, for all of the aggregates, with the results of a household survey.

A second question addressed specifically to MS adopting a bank reporting system concerned the application of exemption / simplification thresholds for the reporting of Travel transactions.<sup>43</sup> Despite transactions of this nature ~~are being~~ dominated by small ~~amount~~ payments,<sup>44</sup> the majority of MS (eight out of ten, i.e. all but FR and PT) ~~applies apply~~ thresholds also for Travel transactions. However, five countries (BE,DE,DK,LU,SE) apply the thresholds only to bank transfers. The level of thresholds differs greatly, ranging from the 2,500 ECU of DE to the 45,378 euro of NL (bank transfers). The part of transactions below the threshold to be allocated to Travel (and other BOP items) is typically estimated on the basis of information on periods preceding the introduction of thresholds.

As ~~it was~~ discussed in detail in the TFT Report,<sup>45</sup> countries usually correct and/or integrate the original BRS data in an attempt to minimise some typical shortcomings of this type of collection system. In this respect, MS were asked to provide a description of the corrections carried out in their national context.<sup>46</sup> The answers to this question are summarised below. As it can be noted, only a few MS carry out these corrections.<sup>47</sup>

**a. - Corrections of the bias in geographical breakdown due to 'international' currencies**  
DE and PT adjust the allocation of transactions with bank notes denominated in USD on the basis of indicators of physical flows, used as proxy variables, such as the number of tourists and number of nights spent by visitors in the destination country. SE, as already stated,

<sup>41</sup> This evidence leads to the revision of a statement contained in the TFT Report. In fact, in TFT Report § 3.1.2 - Aggregate A4 and § 4.1.1 it was stated that the geographical allocation of bank transfers was generally based on the country of the non-resident bank involved.

<sup>42</sup> Cf. TFT Report, § 3.1.2 - Aggregate A2 on the statistical problems caused by Swiss market of bank notes. Cf. F. Renard, *The allocation of Intra/Extra Travel: the problem of French banknote recycling in Zurich*, March 1999 for the specific treatment of the problem in France. The document is included in *TGT Travel – Papers*.

<sup>43</sup> Cf. Annex C, question A.4.

<sup>44</sup> Cf. TFT Report, § 3.1.

<sup>45</sup> TFT Report, § 3.6.

<sup>46</sup> Cf. Annex C, question A.5.

<sup>47</sup> DK indicated that the corrections in points b., d., e. and f. are implemented in the national system, but the country did not provide a description of them.



corrects the geographical allocation of the debit side with ~~the~~ data originated from a household survey. In some countries this correction is not considered necessary. In ES, transactions in foreign bank notes are geographically allocated according to the distribution by country of Travel transactions carried out using other means of payment. In BE and LU, the information on the counterpart country is always available.

**b. - Corrections to take into account the re-exchange of unused foreign bank notes after journey**

DE and AT deduct from gross sales/purchases of foreign bank notes a fixed percentage, in the range 1%-10%, based on past estimates; the percentage is defined for broad group of countries (i.e. countries with a common border / other countries). In ES the correction is, in practice, not needed for Travel credits, since the residence of the transactor is recorded (the difference between purchases and sales of foreign banknotes from/to non-resident customers is included in Travel credits).

**c. - Inclusion of compiling country's notes exchanged in partner country**

As mentioned above ~~about concerning~~ aggregate A5, only AT, DE and SE realise the inclusion by exchanging data with partner countries. In order to integrate the information as much as possible, these three countries estimate the data for some of the countries with which no data is exchanged. The other countries substitute this inclusion by taking into account the inter-bank shipment of domestic bank notes.<sup>48</sup>

**d. - Corrections to exclude border workers earnings and/or workers' remittances from Travel**

AT, DE (only for border workers) and FR introduce various types of estimates. In DE the estimate is based on net earnings of border workers calculated by the Federal Statistical Office; in AT, an estimate, ~~produced by of~~ an independent research institute is used to take into account the effect of border workers on the credit side and an extrapolation of a survey result is used for the effect of workers' remittance on the debit side. In FR, the related corrections are made on the inter-bank shipment of domestic notes.

**e. - Corrections to exclude capital transactions from Travel**

NL excludes (part of) thousand guilder notes. Other countries make occasional/summary corrections.

**f. - Corrections to deduct non-Travel components from package tours**

In DE, ES, FR, PT and SE the correction is not considered necessary, as non-Travel components are automatically excluded. No adjustment is carried out in AT, BE, GR, LU and NL.

**g. - Other corrections**

Minor corrections ~~are made~~ in PT and SE (i.e. exclusion of direct import/export of cars).

### **2.3. Preliminary remarks on existing systems**

From the preceding analysis of the existing collection systems for Travel in the EU MS it can be concluded - even though only preliminarily, since a survey based system will be thoroughly examined subsequently - that:

- ~~There is much dissimilarity~~ are large differences in countries' methodology. Even though most countries adopt the same main sources, the supplementary sources and the sources used for verification, composing the overall collection system, are

<sup>48</sup> Cf. footnote 40.

very different. Moreover, as mentioned, estimates are frequently used to adjust the data but again the underlying approaches for this are not uniform.

- In terms of coverage of Travel transactions, the collection systems of countries adopting bank reports as a main source are likely to be, at present, suffering additional problems to the typical shortcomings of these type of source, which is thoroughly illustrated in the TFT Report.<sup>49</sup> In fact, as it has been noted in § 2.2, in of the total of ten countries using a BRS that have answered to the written consultation, seven countries do not exchange data with partner countries on the sales/purchases of domestic notes carried out in partner countries (aggregate A5) and five countries do not include the payments through withdrawals / deposit on accounts held with banks abroad by resident non-bank customers (aggregate A6). Moreover, as noted in the same paragraph, the corrections / integrations needed to reduce the shortcomings of the BRS are only carried out by a few countries.
- In terms of the output produced, the existing systems of some countries might fail to comply with the minimum requirements indicated in Table 1. In fact, some countries seem not at all unable to provide a breakdown by purpose, whilst a full breakdown - with supplementary items - is needed for annual data.<sup>50</sup>

#### **2.4. Collection problems in the transition period (1999-2001)**

Whereas in the TFT Report the effects of the introduction of euro banknotes in 2002 on Travel recording constituted the key issue, the effects of the start of stage III of the EMU were not adequately analysed there.

The new context, even without having the disrupting consequences of the final scenario, is likely to involve some changes in the spending behaviour of travellers, which in turn may hinder the accuracy of the results produced by existing recording systems based on bank reports.

In the written consultation on plans two specific questions,<sup>51</sup> were addressed only to countries using systems based on bank reports, concerned concerning the issue of Travel compiling in the period 1999-2001. The first question asked if the recording of the exchanges of Intra-EMU national notes would have been maintained: all MS confirmed that this essential information would have been available throughout the period. The second question asked for details on to specify the collection problems foreseen for this same period.

In the light of the MS indications, the group concluded that the following potential problems, which are relevant in relation to trips of residents of the euro zone in countries within the same zone, could be envisaged:

- The elimination of the exchange rate risk and the (consequent) reduction of fees for the exchange of bank notes of the euro zone is likely to boost the use of domestic notes for payments in other EMU countries. Therefore, Travel

<sup>49</sup> Cf. TFT Report, § 3.1.

<sup>50</sup> For the Eurostat questionnaire Y1.

<sup>51</sup> Cf. Annex C, questions B.3 and B.4.

transactions might more often go out of the banking system, with a possible underestimate of gross Travel flows.<sup>52</sup>

- A modification of the ratio of the re-exchange of unused notes after a journey could also occur. Compared to the past, travellers could be less induced to buy excessive quantities of the currency of the destination country. In fact, should the need arise for unexpected expenses, they may become aware that they may supplement the foreign notes with domestic notes, that can be exchanged by paying a small fees, or with credit card payments, whose fees have been also reduced after the euro introduction. Therefore, if not properly taken into account, the change of the ratio of re-exchange might decrease the accuracy of Travel figures, as currently some EU countries calculate s the re-exchanges as a fixed proportion, based on old patterns of behaviour, of total cash exchanges.
- Small amount bank transfers may increase, as the fees for them are expected to decrease; therefore, a bigger part of travel transactions may fall under the reporting exemption/simplification threshold, causing problems for the recording in the BOP.

In addition, a specific problem may concern EMU-MS whose currencies have a relevant-large circulation abroad, as it is the case for Germany. A bias in the German BOP might derive in next-future years from the – unknown, but probably not negligible – amount of DEM notes circulating outside the country. As the time of the Euro/DEM notes conversion approaches, it might happen that non-German residents may get rid of hoarding-of DEM notes that were previously kept. As a result, Germany might mistakenly record the repatriated German notes as Travel debits.

## ***2.5. Countries' perception of problems at Stage Three final phase***

As mentioned,<sup>53</sup> through the written consultation on plans the group was informed about the countries assessment of the problems that the circulation of euro notes in substitution of national notes of EMU MS would pose to their present collection system for Travel, under the hypothesis that the existing systems were maintained unchanged.

This information was considered crucial by the group, since it makes it possible to clearly identify the expected consequences through the actual opinion of the countries. It also allows an empirical test of the statements made in that respect, based mainly on the theoretical reflection, in the TFT Report.<sup>54</sup>

The answer given by MS to a first question addressing this issue,<sup>55</sup> can be summarised as follows:

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<sup>52</sup> For example, a French traveller may spend French notes directly in a shop in Germany. The French notes may be subsequently spent by a German traveller in France. The BRS of both France and Germany would miss the recording of both transactions, with a consequent underestimate of the bilateral Travel credits and debits. Alternatively, the French traveller may preliminarily exchange the French notes in Germany into German notes. In this second case, gross flows are correct only if the two countries exchange the relevant information (cf. TFT Report, § 3.1.2, aggregate A5). Net flows should be, in principle, correct in both cases.

<sup>53</sup> Cf. § 1.5.

<sup>54</sup> Cf. TFT Report, § 4.1.1.

<sup>55</sup> Cf. Annex C, question B.1.

1. Among the MS currently using a bank reporting system as the main source, almost all countries envisage that the euro notes circulation will pose problems of bias in both net and gross Travel flows and in the geographical allocation of Travel transactions, irrespective of the partner country area (EMU, EU-non-EMU, Extra-EU) of the same transactions.<sup>56</sup> SE, in the case that the country does not participate to the EMU in 2002, only foresees problems of bias of geographical breakdown. DK expresses a different position as they thinks that the new context will/would note pose relevant problems to its system.
2. The remaining countries, at present adopting systems relying on surveys - namely the three countries (GB, IE, IT) using a system based on a frontier survey and FI, using a 'mixed' system with a frontier survey for credits and a household survey for debits - think that the euro circulation would involve no relevant problems for their collection systems.

The position of DK deserves further explanations as it seems to be in contrast with the general agreement on the need of a revision of bank reporting systems in the view of the future context for all EU countries. Also in the TFT Report it was stated, as it is explained later on in this paragraph, that countries not (yet) participating in the EMU would face problems in providing a geographical breakdown. DK recognised this potential problem but stated that the present system,<sup>57</sup> i.e. the bank reporting system / credit card information supplemented with some survey results,<sup>58</sup> is/was supposed to be sufficient to overcome this difficulty.

DK specified that the existing survey of travellers at accommodation establishments, consisting of 30,000 face-to-face interviews and providing annual expenditure data,<sup>59</sup> can allow a geographical breakdown on the credit side. Similarly, the statistics produced to comply with the Council Directive on tourism statistics can be of use for the debit side, but the country did not specify the type of source that will be used in this respect.

A second question,<sup>60</sup> only addressed to the countries using systems based on bank reports, asked MS to express their opinion on the suitability of the note source for Travel compiling at Stage Three final phase. All countries agreed with the conclusions of the TFT Report.<sup>61</sup>

It must be noted in this respect that, following the written consultation on plans, the TG decided to review the conclusions on the problems posed by the use of the note source for Travel compiling at EMU Stage Three formulated in the TFT Report. The amendment concerned the feasibility of a global BOP for the EMU as a whole. The group, in fact, argued that a correct measurement of gross Travel flows between the euro area and the rest of the world, by means of systems based on bank reports, in principle would imply the need of for information on the euro notes exchanged against other currencies outside the euro area. To

<sup>56</sup> BE and GR can be considered partial exceptions. BE, without providing details on the type of expected bias, specifies that the problems would only concern the recording of note transactions. GR, also with no indication on the type of expected bias, indicates that its present system needs to be changed in 2002.

<sup>57</sup> The present system was described in § 2.1.

<sup>58</sup> Cf. footnote 30.

<sup>59</sup> Cf. Annex C, question A.6.

<sup>60</sup> Cf. Annex C, question B.2.

<sup>61</sup> Cf. TFT Report, § 4.1.1.

this end, an appropriate body should be in charge of collecting this information from Extra-EMU countries, in a way similar to that followed presently by several MS, in the context of national BOP compiling, in order to collect information on their domestic notes exchanged abroad.<sup>62</sup>

Therefore, the conclusions of the TFT Report on the suitability of the note source are amended as follows (the ~~integration is~~ ***changes are*** highlighted in bold-italic characters):

In relation to EMU stage III - Phase C,<sup>63</sup> a second set of conclusions can be drawn on the suitability of the note source for Travel recording.

For *BOP compilers in EMU countries*, this source:

- ◇ is ***no longer available*** for intra-EMU Travel transactions;
- ◇ can only provide ***partial and potentially biased information*** on Travel transactions with extra-EMU countries, as a) the exchanges of Euro notes against extra-EMU countries' notes carried out outside the EMU area cannot be allocated to an individual country but only to the whole EMU area and b) the exchanges may frequently occur in EMU countries other than those in which the Euro notes are actually spent.

As a consequence of the above two remarks, if the note source is not substituted/ complemented by other sources, national Travel BOP cannot be compiled by the EMU countries. ***However***, a global BOP for the whole EMU area is feasible, ***provided that information on exchanges of Euro against other currencies carried out outside the euro-zone (i.e. through an exchange of data with Extra-EMU countries) is collected***.

- *BOP compilers in the EU countries not (yet) participating to the EMU* would have to face problems in realising the geographical breakdown by individual EMU country.
- In the longer run, the expected spread of the Euro outside the EMU area as an international currency, will pose additional problems for the recording of extra-EMU Travel to both *EMU and extra-EMU BOP compilers*.

As a conclusion, MS have expressed a substantial agreement on the views about countries' position vis-à-vis Stage Three final phase which had been drawn in the TFT Report. It is clearly apparent ~~the existence~~ ***there exists*** of two group of countries: the first being constituted by the majority of MS, using a BRS and therefore needing to revise their collection approach, the second being composed by countries using surveys, which are not affected by the advent of the euro notes.

<sup>62</sup> Cf. § 2.2, in relation to aggregate A5.

<sup>63</sup> According to the terminology of the TFT Report (cf. TFT Report, § 4.1), the 'phase C' corresponds to the final phase of Stage Three (from 2002 onward).

### 3. Collection strategies for Travel at Stage Three final phase

This paragraph deals with the strategies devised by MS to collect Travel BOP statistics in the context of the final phase of Stage Three. It is therefore meant to fulfil one of the key objectives assigned to the group in the mandate.<sup>64</sup>

This part of the report begins with an introductory discussion in which the available options for collection systems are summarised. In subsequent paragraphs, an overview on the choices expressed by the countries is followed by an analytical description of the features of these systems.

#### 3.1. Options for collection systems for Travel

In order to allow a categorisation of the national plans actually developed by the MS, this paragraph summarises the options available, among which countries can choose a strategy suitable for them for the collection of Travel data from 2002 onwards.

As mentioned, a key contribution of the TFT Report was the formulation of a set of alternative suggestions in this respect.<sup>65</sup> In practice, the TFT elaborated proposals on the strategies that countries could follow to combine a number of sources in order to compose a collection system for Travel. This outcome derived from an exhaustive analysis of the various potential sources.<sup>66</sup>

It is worthwhile to schematically recall here the TFT conclusions on the potential use of the various sources in the context of Stage Three final phase. Table 2 below below, designed ~~to for~~ this purpose, purpose recaps the coverage and the type of output that characterise each type of source.

The list of sources basically corresponds to that used ~~for in~~ the written consultation on national plans, which in turn are derived from the classification realised by the TFT.<sup>67</sup> The only differences are: a) the merging of 'credit card data (from banks)' and 'credit card data (from credit card issuers)' in to a single source, in view of the similarity of their characteristics from this analysis standpoint and b) the split of bank reports between bank notes, bank transfers and cheques, in view of the specificities of the information on these means of payments.

The first ten columns of the table relate to the coverage of Travel transactions that can be in principle realised by the sources. In particular, ~~it is specified~~ the coverage is specified for each of the four possible combinations of BOP side (credits / debits) and partner country area (Intra-EMU / Extra /EMU), for some relevant types of visitors (same-day visitors, visitors using private accommodation) and for the main types of means of payments usable-used to settle the transactions. The last three columns indicates the main features of the output that

<sup>64</sup> Cf. § 1.3.

<sup>65</sup> Cf. TFT Report, § 5.2.

<sup>66</sup> Cf. TFT Report, § 3.

<sup>67</sup> Cf. § 2.1, footnote 28.

can be produced by the sources, namely if expenditure data are directly provided (implying no need ~~of~~ for a data model to convert physical data into monetary figures), if a split by purpose of travel is feasible and, finally, if the exclusion of non-Travel components from package tours is possible.

The cells of the table indicate ~~s~~ if a given coverage and type of output is provided by the source in full (✓), only partially (P) or it is not at all provided (blank).

Some general statements, fully in line with the conclusion of the TGT Report, on the suitability of the sources for Travel collection can be easily drawn from the table, for example:

1. Frontier surveys (inbound for the credit side and outbound for the debit side) and household surveys (for the debit side only) realise in principle an exhaustive coverage, as they encompass all type of visitors and means of payments, directly provide ~~directly~~ expenditure data and allow a split by purpose.
2. Bank reports will be a generally valid source as regards bank transfers and cheques, whereas for bank notes it will be completely unusable for Intra-EMU and only partially usable for Extra-EMU transactions.
3. Credit card data provide a good coverage for all BOP sides and partner country area but they show some limitations, as they do not cover, by definition, the other types of means of payments.
4. Surveys carried out at accommodation establishments, both questioning travellers and the tourist providers, are limited in several respects: they only cover the credit side and they disregard same-day visitors ~~and~~ as well as visitors spending ~~the~~ nights in private accommodation. Moreover, surveys of tourist providers only produce physical data.
5. Partner country data are theoretically able to provide any type of information. It is obviously assumed that at least one of the two partner countries actually collects 'primary' Travel data.
6. Estimates and, to a lesser extent, administrative sources can provide only partial information, but virtually on all segments. The latter, however, typically do not provide monetary data and cannot help to correct package tour data.
7. Surveys of tourist intermediaries (travel agencies and tour operators) are one of the most adequate primary source to deduct non-Travel related expenditures from package tours.

**Table 2 - Summary of the coverage and the type of output of the potential sources for the collection of Travel statistics in the context of Stage Three final phase.**

| Sources   | Coverage by BOP side and partner country area |                          |                         |                         | Coverage by type of visitor |   | Coverage by type of means of payment |                       |                |                      | Type of output produced  |                               |   |
|---|---|--------------------------|-------------------------|-------------------------|-----------------------------|---|--------------------------------------|-----------------------|----------------|----------------------|--------------------------|-------------------------------|---|
|   | Credits Intra-EMU<br>[1]                      | Credits Extra-EMU<br>[2] | Debits Intra-EMU<br>[3] | Debits Extra-EMU<br>[4] | Same-day visitors<br>[5]    | Visitors using private accommodation<br>[6] | Bank notes<br>[7]                    | Bank transfers<br>[8] | Cheques<br>[9] | Credit cards<br>[10] | Expenditure data<br>[11] | Break-down by purpose<br>[12] | Exclusion of non-Travel exp. from package tours<br>[13] |
| Bank reports (excluding credit card data)                             |   | P                        |                         | P                       |                             |   | P                                    |                       |                |                      |                          |                               |   |
| - banknotes   | ✓   | ✓                        | ✓                       | ✓                       | ✓                           | ✓   |                                      |                       |                |                      | ✓                        | P                             | P   |
| - transfers   | ✓   | ✓                        | ✓                       | ✓                       |                             |   |                                      | ✓                     |                |                      |                          |                               |   |
| - cheques   |   |                          |                         |                         |                             |   |                                      | ✓                     |                |                      |                          |                               |   |
| Credit card data (from banks or credit card issuers)                  | ✓   | ✓                        | ✓                       | ✓                       | ✓                           | ✓   |                                      |                       |                | ✓                    | ✓                        | P                             |   |
| Inbound frontier survey   | ✓   | ✓                        |                         |                         | ✓                           | ✓   | ✓                                    | ✓                     | ✓              | ✓                    | ✓                        | ✓                             | P   |
| Outbound frontier survey  |   |                          | ✓                       | ✓                       | ✓                           | ✓   | ✓                                    | ✓                     | ✓              | ✓                    | ✓                        | ✓                             | P   |
| Household survey  |   |                          | ✓                       | ✓                       | ✓                           | ✓   | ✓                                    | ✓                     | ✓              | ✓                    | ✓                        | ✓                             | P   |
| Survey of travellers at accommodation establishments                  | ✓   | ✓                        |                         |                         |                             |   | ✓                                    | ✓                     | ✓              | ✓                    | ✓                        | ✓                             | P   |
| Survey of tourist providers - accommodation establishments            | ✓   | ✓                        |                         |                         |                             |   |                                      |                       |                |                      |                          |                               |   |
| Survey of tourist intermediaries (travel agencies and tour operators) | ✓   | ✓                        | ✓                       | ✓                       | ✓                           | ✓   |                                      | P                     |                |                      | ✓                        |                               | ✓   |
| Partner country data  | ✓   | ✓                        | ✓                       | ✓                       | ✓                           | ✓   | ✓                                    | ✓                     | ✓              | ✓                    | ✓                        | ✓                             | ✓   |
| Estimates and models  | P   | P                        | P                       | P                       | ✓                           | ✓   | ✓                                    | ✓                     | ✓              | ✓                    | ✓                        | ✓                             | ✓   |
| Administrative sources  | P   | P                        | P                       | P                       | P                           | P   | P                                    | P                     | P              | P                    |                          | P                             |   |

LEGEND

- ✓ = Coverage and type of output (in principle) fully provided by the source
- P = Coverage and type of output (in principle) partially provided by the source



Table 2 recalls the main features of the various sources. The reader can consult the TFT Report for information on other aspects, such as the reliability and the detail of the results produced by the sources, their cost and their general applicability in the various national contexts.

The discussion can now logically proceed to the consideration of the way in which the above sources can be combined to fulfil the objective of realising a comprehensive coverage of Travel transactions. Table 2 can be used as a tool for this purpose in this sense. A consistent collection system should be composed of by a set of sources that at least are is capable of to filling in 'all the columns' of the table.

On the basis of the TFT suggestions, the set of options available for countries in this respect is here newly defined, with some changes deriving from the experience gained by the TGT. The latter agreed on the following four main options to combine the various potential sources in a suitable collection system:

- Option 1 - Frontier survey based system
- Option 2 - Household survey based system
- Option 3 - Hybrid system
- Option 4 - Credit card based system

In practice, the credit card based system has been added to the first three options that were previously already proposed by the TFT. In the TFT Report the use of a systems based on credit cards was only considered as a hypothesis, rather than a true option, because there was an insufficient knowledge on several methodological issues. The reason behind the addition of these this strategy in the new list of options is that, as previously noted<sup>68</sup> and as it will be further explained later on, there are some EU countries that showed interest for in this approach. Moreover, the group carried out studies that provided hints on solutions to the mentioned methodological issues.<sup>69</sup>

Table 3 below reports a schematic description of the four options. The table, for each option, indicates by row the main sources composing the systems, by column the BOP side and the partner country area of transactions for which the source are used.

As regards the partner country area, in this table a split between Intra-EU and Extra-EU replaces the breakdown between, respectively, Intra-EMU and Extra-EMU that was adopted in the previous table. This is was motivated by the intention to maintain the approach followed in the TFT Report,<sup>70</sup> for which all the EU countries are considered as already participating into the EMU. The rationale for this approach was that the proposals should have been addressed to both the MS participating to in the EMU since January 1999 and the MS that would join the euro zone subsequently, assuming that countries in the latter group could have been willing to revise in advance their collection system for Travel, in view of their ir participation to in the EMU.

<sup>68</sup> Cf. § 1.4.

<sup>69</sup> The results of this investigation are illustrated in § 3.3.4.

<sup>70</sup> Cf. TFT Report, § 5.2.6, Table 5.

It should be noted that the four options are meant to indicate *classes of possibilities*, which are in principle consistent vis-à-vis the objective of providing a satisfying-satisfactory coverage and recording of Travel transactions in the future context. The systems actually implemented or planned by the MS are unlikely to fit exactly to any of the options of Table 3, as the composition of sources of the 'real' systems might be - to some extent - different. The classification of an individual actual system or plan will be necessarily carried out identifying the option that more closely approximates its structure.

This point is particularly relevant-important relating to the hybrid system (option 3). In the TFT Report it had been already - albeit to some extent implicitly - defined as an option, encompassing all systems that: a) does not give to any individual type of source the status of 'main' component and b) does not presuppose the use of the exchange of data with partner countries to complete the coverage of Travel transactions. For the sake of the classification of actual national systems or plans, this definition of the hybrid system will be maintained.

As regards the description of the first three options, the only difference from the proposal of the TFT Report, is the addition of inbound frontier surveys as a potential tool for the hybrid system, to collect transactions on the credit side. This possibility was not indicated by the former TFT on the basis of the consideration – that was not made explicitly in the TFT Report - that the set up of a frontier survey to gather information on only one travellers' flow direction (inbound or outbound) was not optimal as regards cost effectiveness. The assumption was that the cost of the monitoring of the additional direction would have been relatively low, given the existence of fixed costs related to the sample design and the organisation and supervision of the field work. The TGT agreed to change this view in the light of concrete national experiences, namely that of Finland, which, as mentioned,<sup>71</sup> is presently adopting a system in which a household survey is used as a main source for debits and an inbound frontier survey is used as a main source for credits.

Concerning the newly introduced credit card based system, Table 3 explains that it basically works as described in the TFT Report.<sup>72</sup> As it will be illustrated more in detail in the relevant paragraph, the expenditures carried out using credit cards are expanded to the total Travel transactions through the information on the share of these expenditures on the same total, estimated through a specific survey. The BRS might be used to complement the information for Extra-EU transactions, since this source is able to continue to provide, even though partially, information for that partner area in the future context.<sup>73</sup>

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<sup>71</sup> Cf. § 2.1.

<sup>72</sup> Cf. TFT Report, § 5.2.7.

<sup>73</sup> Cf. Table 2 above and TFT Report, § 4.1.1.

**Table 3 - Options for collection systems for the compilation of the Travel item in the final phase of Stage Three of the EMU**

|                                    | <b>OPTION 1<br/><u>Frontier survey<br/>based system</u></b> | <b>OPTION 2<br/><u>Household survey<br/>based system</u></b>   | <b>OPTION 3<br/><u>Hybrid system</u></b>   | <b>OPTION 4<br/><u>Credit card based system</u></b>  |
|------------------------------------|---|--|--|--|
| <b>DEBITS<br/><i>Intra-EU</i></b>  | Outbound frontier survey                                    | Household survey   | Household survey   | Credit card data + ad-hoc survey to estimate the share of credit cards on total Travel (*) |
| <b>DEBITS<br/><i>Extra-EU</i></b>  |   |  |  | As above<br><i>and/or</i><br>BRS (*)   |
| <b>CREDITS<br/><i>Intra-EU</i></b> | Inbound frontier survey                                     | Exchange of data with other EU countries   | <ul style="list-style-type: none"> <li>• Survey of travellers at accommodation establishments (**)<br/><i>and/or</i></li> <li>• Survey of enterprises (tourist providers: accommodation establishments) (*) (**) (***)<br/><i>and/or</i></li> <li>• Inbound frontier survey</li> </ul> | Credit card data + ad-hoc survey to estimate the share of credit cards on total Travel (*) |
| <b>CREDITS<br/><i>Extra-EU</i></b> |   | <ul style="list-style-type: none"> <li>• Survey of travellers at accommodation establishments (**)<br/><i>and/or</i></li> <li>• Survey of enterprises (tourist providers: accommodation establishments) (*) (**) (***)<br/><i>and/or</i></li> <li>• BRS (*)</li> </ul> | As above<br><i>and/or</i><br>BRS (*)   | As above<br><i>and/or</i><br>BRS (*)   |

**Note:** For all options a survey of tourist intermediaries is needed as a supplementary source to exclude non-Travel components from package tours.

(\*) Plus supplementary sources / estimates to split Travel by purpose.

(\*\*) Plus supplementary sources / estimates to obtain information on same-day travellers and private accommodation.

(\*\*\*) Plus supplementary sources / estimates and a data model to convert physical figures into expenditures.

### 3.2. Overview on collection strategies for the future

The results of the ~~mentioned~~-written consultation on national plans, updated with the information received by the group subsequently, constituted the input used to outline, in this paragraph, the general features of the strategies envisaged by the MS to realise the compilation of Travel statistics in the future context of the circulation of euro notes.<sup>74</sup>

The present status of the planning for a new system for Travel in the EU MS can be summarised as follows:

1. Five countries (DK,FI,GB,IE,IT) confirmed their intention to maintain the system presently adopted substantially unchanged, since the euro introduction is not supposed to involve specific consequences in this respect. As mentioned, IE, IT and GB will continue to use a frontier survey based system, FI will rely on a hybrid system and DK do not envisage problems in using its present system based on bank reports and supplemented by surveys.<sup>75</sup>
2. Five countries (ES,FR,GR,NL,SE) have expressed a preference for one or more of the four options proposed by the group in order to react to the new situation and have indicated plans for the implementation of these options. Most of the plans have been explicitly or implicitly qualified - even though to different extents - as provisional projects. The level of detail of the plans, as regards the description of the sources composing the planned systems, the method used to link these sources together and the timetable for the actual implementation of the collection tools, is also very different from country to country. In particular, the plans of GR and NL are for the time being rather generic. SE has pointed out that the preferences and the plan ~~are~~ only referred to the situation in which the country participates to the EMU.<sup>76</sup>
3. The remaining five MS (AT,BE,DE,LU,PT) have also expressed a preference for one or more of the four options proposed by the group, but are not yet in a position to indicate any plan.

The preference expressed by all the MS among the four options elaborated by the group are given in Table 4 below. The additional information ~~of~~ in this table to ~~tw~~ hat which has been stated in the three points above is that:

- Nine countries have indicated a single option as the only suitable approach for their national system. In particular:
  - ES intends to join the group of countries (IE,IT,GB) already adopting a frontier survey based system;
  - GR, NL and PT intend to use a hybrid system, i.e. the category of system already implemented in FI;
  - FR plans to use a credit card based system.

<sup>74</sup> Cf. Annex C, questions C.1-C.2.

<sup>75</sup> On the position of DK cf. § 2.5.

<sup>76</sup> Sweden has explicitly stated that the present collection system of the country will not be revised if the participation does not take place (cf. Annex C, answer to question C.7).

- Five countries seem still undecided, expressing a preference for more than one option. All of them, however, consider the hybrid system as one of the possibilities. In particular:
  - AT, DE and SE indicated both the hybrid system and the household survey based system;
  - LU indicated both the hybrid system and the credit card based system;
  - BE has indicated the hybrid system, the household survey based system and the credit card based system, in practice only excluding option 1.
- DK, as already mentioned, does not intend to follow any of the options formulated by the group, since it will maintain its present system based on bank reports and credit card data, supplemented by surveys.

A first conclusion that can be drawn from the overview on the present status of the planning of MS is that several countries are still in the process of making the preliminary decisions. As we have seen, with the exception of countries already adopting a system suitable for the future, the MS have in general only depicted provisional projects. Moreover, there are five MS that have not ~~at all~~ designed a plan for the future collection system and are still undecided even on the general strategy to follow, and ~~other a further~~ two countries ~~that~~ have only sketched a plan, still lacking the details that are needed to start any subsequent phase of the project.

However, taking into account ~~this the~~ provisional and uncertain character of the present picture, considering the number of preferences received by each option it resulted that:

- the hybrid system attracts, alone or in combination with other options, the preference of most (nine) countries;
- the household survey based system is chosen, but never as the only option, by four countries;
- the frontier survey based system is selected, with no alternative, by four countries;
- the credit card based system is under the consideration, with or without other options, ~~of by~~ three countries.

Table 4 - Preference of EU MS for their future collection system for Travel among the options elaborated by the TG "Travel".

| <b>OPTION 1</b><br><u>Frontier survey</u><br><u>based system</u> | <b>OPTION 2</b><br><u>Household survey</u><br><u>based system</u> | <b>OPTION 3</b><br><u>Hybrid system</u> | <b>OPTION 4</b><br><u>Credit card</u><br><u>based system</u> | <b>Other</b><br>Main sources: BRS+<br>credit card;<br>supplementary<br>sources: surveys |
|--|---|---|--|---|
| <u>IE</u> <u>GB</u> <u>IT</u> <u>ES</u>                          | <u>AT</u> * <u>DE</u> * <u>SE</u> <sup>+</sup>                    |   | <u>FI</u> <u>GR</u> <u>NL</u> <u>PT</u> *                    |   |
| <u>BE</u> *  |   | <u>LU</u> *                             |  |   |
| <u>FR</u>  |   |   | <u>DK</u>  |   |

**Underlined** = Countries already implementing the preferred option (which do not need changes according to country's opinion)

\* = Countries that have not yet indicated the implementation plan(s) of the preferred option(s)

+ = The preferred options and the plan of Sweden are referred to the case in which this country participates in the EMU in 2002. No change of present system is envisaged if the country remains outside the EMU.

### 3.3. Analysis of systems implemented and planned

In the following paragraph ~~the~~ countries' collection systems, both those already implemented and also those~~or~~ only planned, are discussed in detail~~s~~. The relevant information ~~come came~~ both from papers focusing on these issues and, notably for systems not yet implemented, from the answer given to the written consultation on plans.<sup>77</sup>

The information on countries' systems is provided mainly focusing on the peculiar features of each national approach. As regards the general characteristics of the sources composing the systems, the reader can refer himself to the TFT Report.<sup>78</sup>

The collection systems are categorised according to the four options elaborated by the TGT, each of them being described in a specific paragraph.

The national systems implemented or planned are discussed within the option that corresponds, or is more similar to them. In general, countries' systems or plans, if available, are categorised through the options indicated in Table 4 above, with the exception of DK and SE.

The approach of DK is not further considered since this country's strategy, as mentioned in previous paragraphs, can not be allocated to any of the options~~s~~ formulated by the group, and also because of the lack of details in this respect~~provided~~.

The plan of SE is discussed in the paragraph dealing with the household survey based system, despite the fact that this country ~~has~~ not indicatinged this option as the only suitable alternative. The allocation is made on the basis of the similarity of the present plan to the mentioned option.

~~Therefore, the~~The nine national collection systems supposed to be able to face the future situation, already implemented or planned by the MS, are allocated to the paragraphs below as follows:

| Paragraph                                | Countries   |
|--|-------------|
| § 3.3.1 – Frontier survey based systems  | ES,IE,IT,GB |
| § 3.3.2 – Household survey based systems | SE          |
| § 3.3.3 – Hybrid systems                 | FI,GR,NL    |
| § 3.3.4 – Credit card based systems      | FR          |

In addition, a final paragraph (§ 3.3.5) deals with partner country data and estimates, which constitute issues of general interest, i.e. relevant for all the four options.

In line with the mandate,<sup>79</sup> in the following paragraphs the group expresses its views through by making brief comments about some of the possible shortcomings - which are apparent on the basis of the information received so far by the MS - of the national systems implemented

<sup>77</sup> Cf. Annex C, questions C.4 and C.7.

<sup>78</sup> Cf. TFT Report, § 3.

<sup>79</sup> Cf. § 1.3.

or planned vis-à-vis the objective of producing reliable Travel statistics in the post-2001 situation. Only the following aspects of the collection systems are considered in this respect:

- completeness of the description of the system provided to the group;
- comprehensiveness of the coverage of Travel transactions realised by the system, with a view to the basic coverage requirements indicated in Table 2;
- level of detail and timeliness of the output produced by the system, with a view to the 'minimum requirements' reported in Table 1.

Finally, the discussion on each option is concluded by a pros and cons analysis aiming at outlining the general advantages and disadvantages of the systems, with a view to their applicability in the various national contexts. To this end, in order to realise an integration and a revision of the same analysis carried out in the TFT Report,<sup>80</sup> the opinions given by the MS in the written consultation on plans in this respect<sup>81</sup> are taken into account.

In the cases of the frontier survey based system, the household survey based system and the credit card based system, before the general pros and cons of the systems, the general pros and cons of the main source of the system are indicated. This is because it was considered useful to the focus on the main source was considered useful and to point out some intrinsic features of the systems which would otherwise be less apparent. The opportunity has also been taken, also taking the opportunity to revise, when needed, the indications expressed in this respect in the TFT Report.

### 3.3.1. Frontier survey based systems

As mentioned, there are three EU countries (GB, IE and IT) that already implement a frontier survey based system and one (ES) that intends to move in the same direction. The collection approaches of these countries closely correspond to the 'theoretic' model of this system, as it has been described in Table 3: an inbound frontier survey and an outbound frontier survey are the main sources, respectively, for the credit side and the debit side. Moreover, the correspondence with the theoretic model seems virtually perfect for the British and Italian systems, since - as it will be explained - a specific survey of tourist intermediaries is used in these countries to deduct non-Travel transactions from package tours, whereas no clear information in this respect was available to the group for the Irish and the Spanish systems.

#### 3.3.1.1. The system adopted in Italy

The core component of the Italian system is the inbound / outbound frontier survey carried out by the Ufficio Italiano dei Cambi (UIC). This survey has began started to be the main source for Italy's Travel BOP in 1996, substituting the previous system based on bank reports, and it is expected to be used to face the new context following the circulation of euro notes.<sup>82</sup>

<sup>80</sup> Cf. TFT Report, § 5.2.2, § 5.2.3, § 5.2.4.

<sup>81</sup> A specific question asked MS to specify the reasons why they considered some of the options unsuitable in their national context (cf. Annex C, question C.3).

<sup>82</sup> For further details on the survey methodology cf. Ufficio Italiano dei Cambi, *Methodology for the elaboration of statistics on tourist movements by road border frontiers*, October 1997. The document is included in TGT Travel - Papers.



The survey, running continuously, is realised by means of two types of independent operations at borders, carried out at the same time by distinct agents: face-to-face interviewing, to determine the travellers' characteristics and behaviour - among which include obtaining information on the expenditure - and counting, to determine grossing totals, i.e. the global number of visitors broken down by country of origin / destination.

The exigency-need to devote much of the resources allocated to the survey to counting operations mainly stems from the present unavailability of sufficient enough-reliable and comprehensive information on the global passages of visitors at borders from the relevant bodies, i.e. airlines, airport authorities, shipping companies, roads and highways authorities. Consequently, the survey was designed to autonomously estimate both the characteristics and the volume of the phenomenon under investigation. Nonetheless, in view of an improvement of both the quality and the cost effectiveness of the survey, work is underway to increase the co-operation with the mentioned mobility-transport authorities.

In order to gather information on the expenditure actually carried out, travellers are always interviewed at the end of their stay abroad, i.e. non-residents are interviewed while they are leaving Italy, whilst residents are interviewed while-when they are returning in-to the country. A structured questionnaire translated in twelve languages is used and the average duration of the interviews-interview is 7-8 minutes.

In 1996 and 1997, approximately 160,000 annual interviews and 1,800,000 counting operations have-beenwere carried out. From 1998, the sample size was-has been reduced to around 130,000 interviews and 1,500,000 counting operations. The decrease of the sample size did not substantially affected the accuracy of the results since it was compensated for by an improvement of the allocation of the interviews by type of border point. This has been possible thanks to the knowledge on the characteristics of the population under investigation gained through the previous editions of the survey. Notably, the information on the higher variability of the expenditure for travellers interviewed at airports led to an increase of the sample size for-at this type of border point. With the present sample size, about 0.13% and 1.33% of travellers are, respectively, interviewed or counted.

The survey covers both inbound and outbound flows at all types of border points (airports, seaports, road and rail crossings). The sample is stratified according to the direction of flows (inbound/outbound), the border point, the day and the time of the collection. Travellers are systematically chosen for counting at fixed intervals, with a sampling rate appropriately chosen at the beginning of the field work shift taking into account the expected intensity of the traveller flow. The number of interviews to be carried out in a given working shift is predetermined according to a monthly plan.

The survey produces monthly data, around a month after the end of the reference period. For this frequency, the level of geographical breakdown of the results is approximately corresponding to the Eurostat level 1, whereas for annual data a detail up to level 4 is reached. Expenditure data are split by purpose according to the IMF standard components and supplementary items (business - seasonal and border workers, business - other, personal - health-related, personal - education-related, personal - other).

Following the introduction of the new survey system, the bank reporting system is only used for checking purposes. A comparison between the 1997 figures obtained from the bank

reporting system and the frontier survey has been carried out, following a proposal of the TGT.<sup>83</sup> The comparison showed that the quality of Italy's Travel figures was increased by the survey introduction. Specifically, the typical drawbacks involved by bank reporting systems have been confirmed and cleared by the results of the frontier survey. In particular:

1. According to survey results, gross flows were underestimated by the BRS. In 1997, survey credits and debits were, respectively, 8.6% and 13.1% higher than BRS ones.
2. The monthly distribution of expenditures had a more regular trend in survey data, suggesting that problems of coverage (inclusion of non-travel expenditures or exclusion of travel expenditures) observed in BRSs were better dealt with by the survey.
3. The survey allowed a more reliable geographical allocation of expenditures by partner country. For instance, amounts vis-à-vis Japan were strongly increased, while those vis-à-vis the US, Germany, the UK and Switzerland were significantly reduced. It appeared that the main types of geographical breakdown bias of the BRS, i.e. the allocation based on the currency or on the country of settlement, had been cleared by the survey;
4. The improvement of the quality of the geographical breakdown was confirmed by the comparison of survey figures with partner country data. Asymmetries have been reduced, particularly with the UK, which adopts a frontier survey system similar to the Italian one.

The inbound / outbound frontier survey is integrated by a survey of tourist intermediaries. It allows [the estimation of estimating](#) the imputed value of international transportation expenditures of respondents who were not able to provide this specific information at the time of the interview at borders. The imputation technique is explained [as follows in the following](#):

The frontier survey questionnaire asks the respondent to indicate the amount of the expenses for international transportation, i.e. the fares to reach the foreign country of destination (Italian travellers) or Italy (foreign travellers). Whenever the respondent is not able to answer (e.g. because the traveller bought an all-included package tour), the expenditure is imputed through a model which puts into a relationship the individual route of the trip (origin-destination) with:

- the answers given by travellers with [the same route](#) (who were able to indicate the expenditures);
- the average expenditures derived from a data base composed of the sample of fares applied by the seven main resident tour operators and travel agencies (interviewed through a postal questionnaire).

The expenditures for international transportation (both declared and estimated) are then deducted from total travellers' expenditures.

The frontier survey is also complemented by the following sources used only for [verification](#) purposes:

- telephone re-interviewing of 10% of Italian travellers [already previously](#) interviewed at borders;
- telephone interviewing of a sample of 500 resident travel agencies and 500 resident hotels;
- in-depth face-to-face interviewing of 25-30 resident tour operators.

Finally, as from 1999 the frontier survey is integrated by supplementary surveys to estimate the expenditures of resident and non-resident travellers in [the](#) Vatican City and [the](#) Republic of San Marino, in order to comply with Eurostat [standards requirements](#).

<sup>83</sup> Cf. G. G. Ortolani, *Frontier survey and Bank Reporting System: comparison of results*, April 1998. The document is included in TGT Travel - Papers.

The implementation of the Schengen agreement<sup>84</sup> did not pose substantial problems at airports, seaports and rail passages. As explained in the TFT Report,<sup>85</sup> in these places travellers have to stop for several reasons (queues, baggage claim, ticket controls, etc.), even in cases in which they do not have to undergo passport controls, and can ~~be~~ therefore be approached for the interview. ~~On the contrary~~ However, at road crossings at the borders with other Schengen participating countries, namely Austria and France, ~~the impossibility it is not possible~~ to approach travellers due to the removal of checks, It was therefore necessary ~~obliged~~ to move the location of the interviews from the border to nearby (still within the Italian territory) gas stations. This new method involves a potential bias on sample representativeness because different categories of travellers may have different probabilities to stop at a given gas station. For example, in the case of foreigner travellers, the difference in the prices of gas in Italy and in the home country may influence their propensity to stop at the interview location. The effect of this potential bias has been tackled using ~~the~~ information on the structure of the phenomena in the pre-Schengen context, coming from previous editions of the survey. Nonetheless, the issue is considered one of the main survey methodological concerns and further studies are underway to improve the methodology currently implemented in this respect.

The (relative) sampling error of the results of the UIC frontier survey<sup>86</sup> in 1998, at the confidence level of 95%, was in the range 0.5 -1.5% for global quarterly expenditures. The sampling error increases marginally for quarterly data limited to the Intra-EU area as a whole (0.7-1.8%), whereas it is significantly higher for bilateral data vis-à-vis individual 'small' partners, for which a relatively small number of interviews were conducted. For example, in the third quarter of 1998 the sampling error on the credit side was 2.3% vis-à-vis Germany, for which more than 7,000 German residents had been surveyed, and 9% vis-à-vis Luxembourg, for which only 109 visitors had been sampled.

As regards non-sampling errors, a synthetic measure of the magnitude of the bias that they introduce on the final estimates is not available. However, non-sampling errors are kept under control throughout the survey procedure by means of several indicators and relevant efforts are made to limit their effect. Among the techniques that are implemented to this end, are the following ~~can be mentioned~~:

- *measurement errors* - each question in the questionnaire has undergone several tests during the pilot phase of the survey; moreover, the interviewers are accurately instructed, during frequent briefing sessions, about the correct interpretation of the questionnaire;
- *missing answers* - the rate of refusal to the interview is quite low (around 5%); in the case of Italian travellers, some of these cases are solved by subsequent telephone interview (see above). Missing answers to individual questions are rare (0.1 - 0.2 %); however, imputation techniques are adopted in the verification phase in order to estimate part of these missing answers;

<sup>84</sup> In Italy, the implementation took place in October 1997 at airports and in April 1998 at the other types of borders.

<sup>85</sup> Cf. TFT Report, § 4.3.1.

<sup>86</sup> Cf. G. G. Ortolani, *The Italian Frontier Survey on International Tourism. Sampling errors*, October 1999. The document is included in TGT Travel - Papers.

- *problems of coverage* - they can derive from the fact that not all the existing border points have been sampled. The high level of coverage of the sample<sup>87</sup> assures that this source of bias is not particularly relevant.

Besides the mentioned ongoing activity to get more information on the population of passages travellers from mobility authorities, the improvement of the integration with other sources, notably credit card expenditure data and statistics from tour operators and travel agencies is underway in order to further ameliorate-improve the process of verification-verifying of the results.

Field work, data entry, data cleaning and grossing up of the results are outsourced by the UIC to a major Italian private market research company. Around two hundred interviewers are engaged in the survey. The UIC supervises these above activities. In addition the UIC -and realise the processingprocesses, the analysis-analyses and the dissemination-disseminates of the survey results. In the period 1996-1999 the cost of these tasks, excluding the dissemination of the results, corresponded to a cost per interview between 14 and 15 euro. The total cost of the survey appeared quite strictly proportional to the number of interviews, suggesting that fixed costs represent a relatively marginal-minor component in surveys with a similar relevant-large sample size.

#### **Comments of the TGT on the system implemented by Italy**

##### **COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM**

A detailed description of the system was made available to the TGT.

##### **COVERAGE OF TRAVEL TRANSACTIONS**

The system seems to-realiseable to produce a correct coverage of Travel transactions. Nevertheless, the group notes that the improvement of quality of the output and the cost effectiveness of the survey through a better exploitation of the data from mobility authorities should constitute a priority among the future activities. Moreover, the effectiveness of the methodology used to face the effects of the implementation of the Schengen agreement should be constantly monitored, e.g. through the exchange of bilateral data with the relevant partner countries.

##### **DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED**

The system appears capable to satisfy the 'minimum' requirements of Eurostat and the ECB indicated in Table 1.

### **3.3.1.2. The system adopted in the United Kingdom**

The collection system used by the UK for the compilation of Travel statistics relies on the International Passenger Survey (IPS), an inbound / outbound frontier survey whose characteristics are broadly similar to those of the Italian frontier survey.<sup>88</sup>

~~Also this~~This survey runs continuously throughout the year and it is carried out through face-to-face interviews, by means of a structured questionnaire, of a representative sample of international travellers.

<sup>87</sup> According to ISTAT data, the coverage of the total flow of foreign visitors by the border points selected in the survey are the following: road = 90%, rail = 98%, airports = 96%, seaports = 91%. This partial coverage is, obviously, appropriately taken into account in the grossing up phase.

<sup>88</sup> For further details on the IPS cf. Office for National Statistics – United Kingdom, *A brief description of the methodology of the United Kingdom International Passenger Survey (IPS)*, October 1997. The document is included in TGT Travel - Papers.

The survey gathers information from passengers entering or leaving the UK in main airports, sea routes and the Channel Tunnel. Around 250,000 face-to-face interviews are conducted annually, which represents about 0.2% per cent of all travellers. Unlike in the Italian frontier survey, travellers can be interviewed both at the beginning and at the end of their stay abroad. However, similarly to the approach used in Italy, the information on expenditure is only gathered from travellers at the end of their stay. To this end, 66,000 overseas residents departing from the UK and 50,000 UK residents arriving back from abroad were interviewed in 1996.

The survey produces monthly data, around 45 days after the end of the reference period. For this frequency, since 1999, a geographical breakdown between Intra-EMU and Extra-EMU is realised. For annual data a virtually exhaustive geographical breakdown is provided (level 4). A full split by purpose according to the IMF standard components and supplementary items is also made available by the survey.

A multi-stage sampling scheme is adopted. Time shifts or sea crossings are selected at the first stage. At the second stage travellers are systematically chosen at fixed intervals. In practice one traveller every  $n$  travellers passing a predetermined line is approached for the interview, where  $n$  is the chosen sampling rate. The approach for the selection of travellers for the interview is therefore different from that used in the Italian survey, since the activities of counting and interviewing, which are independent and distinct operations in the Italian survey, in the UK are automatically encompassed in a single operation.

Additional sources are used to improve the accuracy of the final estimates. Notably, the total passenger flows estimated from the IPS sample are brought into line with the actual number of international passengers by means of data provided by:

- the Civil Aviation Authority, for airports;
- the Department of the Environment, Transport and the Regions (DETR), for seaports;
- Eurostar (passenger trains) and Eurotunnel (vehicle shuttles), for the Channel Tunnel.

The sample results are further adjusted for possible, statistically significant, imbalances between arrivals and departures for each major country and port group, over a period of a rolling year. Ad-hoc estimates of international passenger transportation expenditures are calculated, with a method similar to that used for the Italian survey, for cases in which the interviewee is not able to indicate them, also allowing the deduction of non-Travel components from package tours.

Other external sources are used to take into account passenger flows that are not covered by the IPS. Particularly, the IPS does not cover the land borders between the UK (Northern Ireland) and Ireland. The travel flows in these locations are included on the basis of the information provided by the Irish Central Statistical Office.

The following further improvements of the IPS are underway or planned for the near future:

- sample optimisation to increase cost effectiveness;
- addition of a small number of extra questions, on an experimental basis, to fulfil the requirements of the Council Directive on tourism statistics;

- revision of the national territory definition, with the proper treatment of the offshore territories, such as Channel Island and Island of Man, according to the indications-requirements of Eurostat.<sup>89</sup>

The ONS calculates 'complex' sampling errors, which fully take into account the clustered sample design of the survey. At the confidence level of 95%, the (relative) complex sampling error for annual data of the year 1996 was 2.5% for credits and 2.1% for creditsdebits. No measure is available about the effect of non-sampling errors on final estimates. However, the overall response rate is rather high (in 1996 86% of full or partial responses was obtained).

The ONS carries out all the survey activities, with the exception of the dissemination of the results, which is partially realised through external marketing agents. The overall cost per interview is approximately estimated in 16 to be 17 euro, hence it is broadly similar to that of the Italian frontier survey. Some sponsors (e.g. Eurotunnel) and the selling of information coming from the survey (i.e. through newsletters-datasets and other publications) provide a marginal financial contribution.

#### **Comments of the TGT on the system implemented by the United Kingdom**

##### **COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM**

A detailed description of the system was made available to the TGT.

##### **COVERAGE OF TRAVEL TRANSACTIONS**

The system seems to realise a correct coverage of Travel transactions.

##### **DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED**

The system appears capable to satisfy the 'minimum' requirements of Eurostat and the ECB indicated in Table 1.

### **3.3.1.3. The system adopted in Ireland**

The description of the system presently adopted in Ireland carried-out is detailed in this paragraph. The, since the only source of information available to the TGT about this country's present collection system — which is also meant to face the post-2001 situation - was basically the written consultation on national plans.<sup>90</sup> The detail only covers concerns the basic features of the national approach.

The system is similar, but with some marked differences, from latter can be assimilated to a frontier survey based system, despite the composing sources are somewhat different from that used in Italy and in the UK. The Travel statistics are compiled by the 'BOP' section of the Irish Central Statistics Office (CSO) on the basis of the information collected and processed by its 'Tourism and Travel' section. It relies on two continuously running frontier surveys, both covering the inbound and outbound flows, i.e. the Passenger Card Inquiry (PCI) and the Country of Residence Survey (CRS).

<sup>89</sup> There are divergences concerning the territorial coverage between the Council Directive on one hand and BOP and National Accounts on the other hand. For example, Channel Islands and the Isle of Man are considered part of the United Kingdom by the former but not by the latter.

<sup>90</sup> Cf. Annex C, particularly question A.1, A.2 and A.6.

In the PCI, passengers selected for the survey are requested to complete forms and leave them for collection.<sup>91</sup> Flight number, purpose of trip, country of residence and - only for travellers at the end of their stay - nights spent abroad and expenditure are the main information requested. Approximately 200,000 cards inwards and 220,000 outwards are collected annually.

The CRS aims at producing data on the global number of passengers entering or leaving the country. It is carried out through brief face-to-face interviews, with samples of approximately 225,000 inward travellers and 270,000 outwards, asking the country of residence of the passengers.

Ireland specified that the CRS data are also used to provide a geographical breakdown of inward travel expenditure (Travel credits) obtained by means of the PCI. It was not clear from the description available to the group. The method used to geographically split the expenditure on the debit side was not clear from the description available to the group. Since information on the country of destination seems not directly collected from the resident interviewees, one hypothesis could be that the flight number indirectly provides (a proxy of) this information.

The two surveys are integrated by information provided by airport administration and sea transport enterprises, also considered among the country system main sources. Moreover, the Irish Tourism Board supplies administrative data used for verification purposes. Finally, in the written consultation on national plans, in a remark concerning the description of their present collection system for Travel,<sup>92</sup> the country specified that a household survey, a survey of travellers at accommodation establishments and a survey of tourist providers were being implemented and the results were to be compiled in 1999.

The system is not able to produce monthly data. The maximum frequency data are quarterly figures, available 4 months after the end of the reference period. For this frequency, and also for annual data, a geographical breakdown approximately situated between the Eurostat Level 0 and Level 1 is realised. A split by purpose according to the IMF standard components is produced; among supplementary items, only figures on 'personal - education-related' expenditures are separately compiled. On the debit side, the system is not able to deduct passenger transportation expenditures from Travel.

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<sup>91</sup> The forms used both in the PCI and the CRS are reproduced in the document: Central Statistical Office - Ireland, *Frontier survey – Cards and forms used*, May 1999, which is included in TGT - Papers.

<sup>92</sup> Cf. Annex C, question A.1.



### Comments of the TGT on the system implemented by Ireland

#### COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM

The description of the system made available to the TGT only encompassed its basic features.

#### COVERAGE OF TRAVEL TRANSACTIONS

The system seems to realise a correct coverage of Travel transactions on the credit side. On the debit side, passenger transportation expenditures are not excluded from Travel.

#### DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED

The system appears only partially capable to satisfy the 'minimum' requirements of Eurostat and the ECB indicated in Table 1, since it does not provide the following information:

- monthly data
- for annual data, the split by purpose according to the IMF supplementary items 'personal - health-related' and 'business - seasonal and border workers'.

Moreover, the timeliness of the quarterly results (T+4 months) seems not capable to satisfy the deadline for the Eurostat 'euro indicators' (T+2 months) and for the remaining quarterly 'products' requested by both Eurostat and the ECB (T+3 months).

### 3.3.1.4. The system planned by Spain

Spain has developed a detailed final plan for the country's future collection system.<sup>93</sup> This system, which is meant to substitute the present approach based on bank reports and credit card data, relies on an inbound / outbound frontier survey carried out through face-to-face interviewing. Therefore, the system is broadly similar to those used in Italy and in the UK.

The acknowledgement of the problems posed by the euro circulation constituted the specific factor that led the country to start the planning of the revision of the present national collection system, through a process that started a few years ago. In 1997 an ad-hoc working group, joining representatives of the central bank, the central statistical institute and the State Secretariat for Trade and Tourism, represented by the Instituto de Estudios Turísticos (IET), was set up.

The planning started with the consideration of the already existing sources, which possibly could be amended to reach the needed requirements. The household survey (FAMILITUR) carried out by the IET mainly to fulfil the requirements of the EU Council Directive on tourism statistics could in principle be used to provide information for Travel debits, but this hypothesis was subsequently abandoned because of some crucial **consproblems**. Notably, the indirect targeting of the resident population of international travellers and the potential recall problems deriving from questioning the households on the previous three months were considered features that heavily compromised the suitability of this source.

The reflection phase was then focused on FRONTUR, an inbound frontier survey that was started in 1996, also by the IET, to address the problems posed by the implementation of the Schengen agreement. This survey at present consists of the following operations on non-resident visitors:

- a) estimation of the number of non-resident visitors that enter Spain by road

<sup>93</sup> The planned system is described in: Instituto de Estudios Turísticos, *Statistics on Tourism Expenditure: The Spanish Experience*, April 1999 (\*) and in: Instituto Nacional de Estadística - Spain, *Survey on Tourist Expenditure - Sampling design*, 1999 (\*). The preliminary planning phases were outlined in: Instituto Nacional de Estadística - Spain, *National Plans to Collect Travel Statistics at EMU Stage III*, December 1998 (\*), and in: Instituto Nacional de Estadística - Spain, *Spanish experience on household surveys*, December 1998. The documents with (\*) are included in TGT - Papers.



It is carried out through the parallel use of automatic counting machines installed by the police at the borders, manual counting in a sample of time periods and short face-to-face interviews of one of the occupants of a sample of vehicles;

- b) estimation of the number of visitors that enter Spain by air, train and sea  
It relies on the administrative information coming from the national authorities on airports, railways and harbours. From 1997 this information is integrated by a small form to be filled in by the travellers on a sample of flight and trains with basic information on travellers characteristics and behaviour.
- c) the investigation of the tourist behaviour of visitors that leave Spain by road or air  
Through an extensive questionnaire and face-to-face interviewing, detailed information on travellers characteristics and behaviour, including expenditure is collected. Both the expenditures carried out before (package tours and advance bookings) and during the trip are included.

With a view to the objectives that the new collection system for Travel should have met, several ~~cons-problems~~ of FRONTUR were noted. Apart from the obvious consideration that the collection only encompassed inbound flows, an under-representation of flows at road borders, a poor detail of the geographical breakdown and a general impression of low accuracy of measurement of the expenditure - that was not a priority objective of the survey - were regarded as critical shortcomings of the source.

Nonetheless, it was judged that FRONTUR deserved further ~~studies-study~~ in order to assess the possibility ~~of solving to solve~~ these problems. In 1999 a pilot test was conducted, interviewing a small sample of residents and non-residents at two road border crossings and two airports. The overall feasibility of the collection ~~was considered as system -confirmed. was confirmed.~~

The planned system to be used in the context of the euro circulation consists therefore in an improvement of FRONTUR, with an extension of the survey coverage to the debit side and a radical revision of the survey questionnaire and collection method.

A particular feature of the planned system is the disaggregation of the results on expenditure by means of payment used. This characteristic has been designed for the specific purpose of allowing a crosscheck of the results with the statistics produced by the existing BOP collection system based on bank reports. The new survey is due to start by mid 2000, in order to have at least one complete year of comparable information from the old and the new system before the expected change of context caused by the euro circulation.

The planned sample size is around 86,000 annual face-to-face interviews (61,000 non-residents and 25,000 residents). A stratified sample is adopted, in which nineteen strata are represented by the selected border points, chosen on the basis of the available information (volume and seasonality of passages, country of residence and type of visitor, etc.). Based on FRONTUR results for 1997 and 1998, the sample allocation is optimised vis-à-vis the variability of the expenditure in the various sub-samples.

The new collection is meant to produce BOP statistics with the following detail:

- monthly data, disaggregated geographically by Intra-EMU and Extra-EMU;
- quarterly data with a more detailed geographical breakdown and split by purpose according to IMF standard components (business/personal) and breakdown of personal travel by health, education and others;
- annual data with a further split by purpose ~~for including~~ the expenditures of seasonal and border workers.

### Comments of the TGT on the system planned by Spain

#### COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM

A detailed description of the system was made available to the TGT.

#### COVERAGE OF TRAVEL TRANSACTIONS

The system seems in principle to realise a correct coverage of Travel transactions.

#### DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED

The system appears in principle capable to satisfy the details of the 'minimum' requirements of Eurostat and the ECB indicated in Table 1. However, no information was given as regards the expected timeliness of the results.

### 3.3.1.5. General pros and cons of frontier survey based systems

As anticipated, the written consultation on national plans provides information on the reasons why the MS did not consider the frontier survey based system among the preferred options in relation to their strategy for the future. The country's answers can be summarised as follows:

- no controls at borders (AT,BE,DE,LU,NL,SE);
- too many border crossings (BE,DE,GR,SE);
- cost too high (AT,GR,LU);
- existing surveys not appropriate for BOP purposes (FR,PT).

During TGT meetings the lack of reliable statistics on the population of visitors and the particular composition of travellers (high presence of seasonal/border workers, transit travellers and excursionists) were mentioned as further cons-problems of frontier surveys.

The experience of MS suggested that this system is more suitable for countries with a limited number of important cross-border entry points. This is because, in principle, the system is feasible in countries in which the total number of border crossings is high but a (relatively) few border points attract most of the passages. This is the case, for example, of for both Italy and Spain.

Therefore, the group agreed to confirm the pros and cons of frontier surveys as a source as they had been synthesised in the TGT Report,<sup>94</sup> with some minor revision. The TGT conclusions are therefore the following (changes to the TGT formulation-conclusions are in bold-italic characters):

#### ADVANTAGES OF FRONTIER SURVEYS AS A SOURCE

- Coverage of Travel is accurate as the target population (travellers) is directly surveyed.
- Classification by purpose is reliable.
- Geographical allocation is reliable.
- Timeliness is good.
- Recall difficulties are limited as the traveller is questioned about his expenditures right after the end of the stay abroad.

#### DISADVANTAGES OF FRONTIER SURVEYS AS A SOURCE

<sup>94</sup> Cf. TGT Report, § 3.2.1.1.

- Given their characteristics, frontier surveys are more suitable for countries with a limited number of *important* cross-border passages. This is the case of island countries, in which international travellers can only enter/leave through a limited number of airports and seaports or of countries with short land boundaries. In other cases, the sampling procedure may be highly complex and expensive, especially if no information *on the population of visitors* is obtainable from other sources.
- Cost is high. The main cost item is the salary of the interviewers, for the following reasons:
  - a great number of interviewers is required;
  - especially in the case of surveys at land borders, the interviewer may have to work in difficult environmental conditions;
  - in the case of inbound frontier surveys through face-to-face interview, interviewers must know several foreign languages.
- Can be difficult at frontier points where travellers are not obliged to stop as no border formalities exist.
- Time available for interviewing, and consequently the content of the questionnaire, must be necessarily limited because of the location and the situation of the interview.
- *In some countries, the high number of particular types of travellers (transit travellers, seasonal and border workers, excursionists) may hinder the suitability of the system.*

As regards the frontier survey based systems, the conclusions on their pros and cons of the TFT Report<sup>95</sup> are also substantially confirmed by the TGT, with the only change required to reflect the above mentioned consideration concerning the 'important' entry points.

#### ADVANTAGES OF FRONTIER SURVEY BASED SYSTEMS

- The main source (inbound-outbound FS) is able to provide most of the information required. Therefore, the integration of sources is relatively simple, as a few supplementary sources are needed.

#### DISADVANTAGES OF FRONTIER SURVEY BASED SYSTEMS

- They are not usable in all countries. They are only suitable for countries with a limited number of *important* cross-border entry points.
- Cost of FS is relatively high.

### 3.3.2. Household survey based system

As mentioned,<sup>96</sup> several MS indicated household survey based systems among the preferred options, albeit never as the unique one. However, among the countries having actually indicated a plan, only SE seems to consider relying, in order to face the future context, on an approach that can be broadly assimilated to the categorised as a household survey based system, implying the use of a regular exchange of data with partner countries to compile the Travel credits.

From the written consultation on plans and the discussion held within the TGT, it emerged that there are several MS looking at household surveys as a promising source, despite these countries ~~do~~ not necessarily intending ing to adopt it as a main source in a system structured as the 'pure' household survey based system. ~~It might happen that some~~ Some of these MS will integrate the household survey with their other sources, but without relying on the exchange of data with partner countries.

Nonetheless, it has been preferred, for the sake of readability, to include in this paragraph an overview on the experiences of MS with household surveys as an individual source,

<sup>95</sup> Cf. TFT Report, § 5.2.2.

<sup>96</sup> Cf. § 3.2.

irrespective of countries' intention to adopt a household survey based system. Subsequently, following the structure used for the discussion of the other options, the plan of SE and the general pros and cons of the system are illustrated.

### **3.3.2.1. Household survey as a source: the experiences of Member States**

Virtually all the MS experiences on the use of household surveys for BOP purposes are in relation to the collections used to comply with the Council Directive on tourism statistics.<sup>97</sup>

As it was illustrated in the TFT Report,<sup>98</sup> on the basis of this regulation, EU countries have to provide regularly the to Eurostat, among other information, with data on the expenditure carried out by the residents for outbound trips. Most EU MS, in order to satisfy the requirements of the Directive, have adopted household surveys, often set up specifically to this end.

In particular, the Directive asks for expenditures related to:

- holidays and business trips with at least one night spent abroad (quarterly data);
- holidays with at least four nights spent abroad (annual data).

The requirements of the Directive involve some deviations from Travel needs. They can be summarised as follows:

- a) no data for Travel credits are provided;
- b) no data on same-day visitors' expenditures are collected;
- c) no monthly data are required;
- d) international passenger transportation expenditures are not excluded from the aggregates produced, given that tourism statistics definition are applied;
- e) no data on health-related and education-related expenditures for stays over one year and seasonal and border workers' expenditures are recorded, still because of the adoption of tourism statistics concepts.

Nonetheless, through the correction of these deviations - by means of an adaptation of the collection method or the integration with other sources - the household surveys serving the Directive request could – in principle - constitute sources exploitable for future Travel needs. The investigation of this possibility was considered worthwhile by several MS and by the

<sup>97</sup> Council of the European Union, *Council Directive 95/57/CE on the collection of statistical information in the field of tourism*, 23rd November 1995. The part concerning expenditures is in the Annex to the Directive, Section C "Tourism demand: domestic and outbound trips (excluding day trips)", sub-section C.1.4 "Data on tourist expenditure", item C.1.4.1 "Tourist expenditure in national currency for domestic trips and outbound trips".

<sup>98</sup> Cf. TFT Report, § 2.2.5.

TGT itself, with a view to the cost effectiveness of using already existing sources in the implementation of new systems for Travel.

The TGT investigated the opportunities potentially deriving from household surveys through the information obtained from the written consultation on national plans, the work of Eurostat in the monitoring of the Directive implementation and an in-depth analysis of the system implemented in this respect in one MS.

The written consultation on national plans asked to specify the initiatives undertaken by the MS in relation to the Council Directive.<sup>99</sup> The outcome of the consultation can be synthesised as follows:

- Most countries indicated that work or studies were underway or planned with the aim to verify the feasibility of the adoption of household surveys set up for the Council Directive for BOP purposes.
- Some countries gave details on concrete actions or plans. AT communicated that a joint survey between the Austrian CSO and the Oesterreichische Nationalbank had been envisaged, with an increased sample size and additional questions. In FR, the Direction of Tourism, carries out a household survey by postal questionnaire whose sample size has been recently doubled (now a panel of 20,000 individuals is interviewed monthly) and questions relating to expenditures have been added.<sup>100</sup> In LU the survey is already used for verification purposes.<sup>101</sup>
- Some countries (DE,PT,SE) appeared doubtful whether the sources used in connection with the Directive were also suitable for Travel needs. These countries pointed out that the small sample size of national surveys was not adequate to guarantee a sufficient accuracy of the estimates. PT expressed reservations also in relation to the difference with BOP concepts.

Moreover, AT, FR and LU ~~provided some hints on the~~suggested some solutions that could be ~~envisaged-used~~ to correct the coverage of the surveys to bring them into line with Travel requirements. For example, respondents could be asked to ~~give-provide~~ an estimate for transportation costs and/or the means of transport used, surveys could be extended also to cover ~~also~~ same-day visitors, questions on purpose of travel could allow the split between business, personal - health-related and personal – education-related, the split of quarterly survey results into monthly data could also be realised by using monthly settlement information.

Eurostat D-3, represented in the TGT as an observer, regularly informed the group on the methodological work underway in the MS for the implementation of the Council Directive. As foreseen by the Directive, Eurostat D-3 has developed a progress report on EU countries activities<sup>102</sup> that will be presented in mid-2000 to the Council of Ministers, the European Parliament and the Economic and Social Committee.

The report includes an inventory of the characteristics of MS data sources used to meet the Directive requirements. Actually, one of the main objectives of the progress report is the support of the exchange of best practices and experiences among countries. From the

<sup>99</sup> Cf. Annex C, questions C.5 and C.6.

<sup>100</sup> Further details on the planned use of the household survey in France will be given in § 3.3.4.1.

<sup>101</sup> About the experience of Spain, which subsequently rejected the possibility of using the household survey set up for the Council Directive, cf. § 3.3.1.4.

analysis of current practices it was apparent that there is a strong need of increasing co-operation between national and international administrations on rationalising and co-ordinating data collection efforts on travel and tourism.

In the monitoring of MS activities ~~the main~~some key problems ~~met~~faced by the countries in the implementation of the regulations have emerged. Methodological workshops are periodically held to discuss in depth these issues. The statistics on expenditures proved to be among the most difficult to obtain, mainly because the respondents often are not able to remember ~~the expenses carried out~~how much they spent. The problem appeared particularly ~~relevant~~important for business travellers. Other difficulties were noted for mixed domestic/outbound trips, i.e. trips with part of the night ~~stays~~stayed in the home country and part abroad.

Further understanding of the methodology of household surveys came from an in-depth analysis of an individual country experience, namely the survey that has been recently introduced in Italy to comply with the requirements of the EU Tourism Statistics Directive.<sup>103</sup>

The survey, started in 1997, is conducted every quarter using the CATI (Computer Assisted Telephone Interviewing) technique and collects information on trips carried out by Italian residents with one or more overnight stays outside the usual environment. The sample is drawn from the telephone directory and is representative of 95% of the population. Around 14,000 households per year (3,500 per quarter) are interviewed. The respondent provides information for all the household members; consequently, around 10,000 individuals per quarter are ~~encompassed~~covered by the survey. The response rate is around 81%. Techniques are adopted in order to prevent and minimise cases of missing contacts, through the support of three replacement samples and other methods used to reduce non-sampling errors. Imputation methods are used to provide for partial missing answers on expenditure.

The experience confirmed that ~~the~~ expenditure is the most difficult variable to collect. Preliminary comparisons with the result of the UIC frontier survey showed discrepancies on total expenditure, whereas figures on daily per capita expenditure are compatible. Further analysis is planned for a better understanding of the reasons causing these differences.

### **3.3.2.2. The system planned by Sweden**

<sup>102</sup> For further details cf.: Eurostat, *Progress Report on methodological developments in the EEA countries of tourism statistics following the implementation of the Council Directive 95/57/EC*, July 1999.

<sup>103</sup> For further details on the survey characteristics cf.: G. Bagatta, M. Perez, L.L. Sabbadini (ISTAT), *Measuring the Italian tourism demand through the telephone survey designed by ISTAT*, June 1998. The document is included in *TGT Travel – Papers*.

As mentioned, SE indicated both the household survey based system and the hybrid system as the preferred options for its future collection system for Travel, under the hypothesis that the country participates in the EMU in the year 2002.<sup>104</sup> The reason why the strategy of Sweden is discussed in this section of the report is the presence of two features that – jointly – strongly characterise the household survey based system. These features are: a) the use of a household survey for the debit side and b) the assignment of an essential role to the exchange of data with partner countries for the credit side. Nonetheless, as ~~it~~ can be noted from the presentation that follows, the system planned by Sweden ~~presents several dissimilarities~~has several differences from the ‘pure’ household survey based system.

As regards the main sources, the system planned is structured as follows:

- a household survey, i.e. an expanded version of the existing one, provides information for the debit side;
- an exchange of data with the (other) EMU countries provides information for Intra-EMU transactions on the credit side.

As regards the supplementary sources, the following are indicated, both used for Extra-EMU transactions only:

- an exchange of data with Extra-EMU countries, to correct the gross flows;
- estimates, to correct both the geographical breakdown and the gross flows.

The existing bank reporting system and the credit card data provide further information on both the credit and the debit side, usable for verification purposes or even, if the above mentioned exchange of data would not be ~~not~~ possible, as a main source for the credit side.

The planned system is similar to the existing one in several respects, as it is apparent on the basis of the indications previously provided,<sup>105</sup> and notably in relation to the following two aspects.

Firstly, the currently used household survey already plays ~~a relevant~~an important role in the Swedish collection system. Despite, for the time being, it ~~is only being used~~adopted as a supplementary source, it contributes to the realisation of both the breakdowns by purpose and by partner country on the debit side. The survey, running continuously since September 1999 under the responsibility of Statistics Sweden, gathers information on outbound expenditure by means of 24,000 annual telephone interviews. Monthly data, disaggregated geographically approximately at the Eurostat Level 2, are produced around six weeks after the reference period.<sup>106</sup>

Secondly, data on Travel are presently exchanged with a relatively high number of countries and estimates are also considered an important supplementary source, in order to take into account a number of aspects, such as, ~~like~~ the clearing practices of the resident travel agencies (‘charter tourist payments’), the lack of some partner country information on the domestic notes exchanged abroad, the bias involved by the use of the US dollar, etc.

Therefore, the planned system seems to consist ~~in~~of a different combination of the sources presently used, with greater importance attached to the sources that now are only used as supplementary tools, notably ~~to~~ the household survey, which to this end will be expanded, and to the exchange of data, which becomes an indispensable prerequisite requirement of the system.

As regards the detail, the periodicity and the timeliness of the results, the system has been designed to comply with the minimum requirements indicated in Table 1. Nevertheless, as the system relies on partner country figures, the mentioned compliance depends on the availability of such data.

<sup>104</sup> Cf. § 3.2.

<sup>105</sup> Cf. § 2.1 and § 2.2.

<sup>106</sup> For further details on the household survey characteristics cf. K. Lauronen, *The Swedish Household Survey concerning the debit side of the Travel item*, February 2000. The document is included in TGT - Papers.



### Comments of the TGT on the system planned by Sweden

#### COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM

A detailed description of the system was made available to the TGT.

#### COVERAGE OF TRAVEL TRANSACTIONS

The system seems in principle able to provide a correct coverage of Travel transactions.

#### DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED

The system appears in principle capable ~~to~~ satisfy~~ing~~ the details of the 'minimum' requirements of Eurostat and the ECB indicated in Table 1.

### 3.3.2.3. General pros and cons of household survey based systems

In the written consultation on national plans only a few MS indicated the reasons why they did not consider the household survey based system.<sup>107</sup> ES pointed out problems in producing a reliable geographical breakdown and PT that the existing household survey was not judged appropriate for BOP purposes.

On the basis of the analysis of MS experiences and views and on the basis of the TGT reflection, the TFT conclusions on the pros and cons of household surveys as a source<sup>108</sup> are substantially confirmed. The only minor change concerns the indication – among the disadvantages - of the increased recall difficulties that the euro circulation might pose. The elimination of ‘manual’ exchanges of bank notes may involve also the removal of a ‘travel-related action’ that at present is likely to support the memory of the interviewee. The new formulation of the pros and cons of household surveys as a source (with the changes from the TFT Report highlighted in bold-italics characters) is therefore the following:

#### ADVANTAGES OF HOUSEHOLD SURVEYS AS A SOURCE

- Classification by purpose is possible.
- Geographical allocation is possible.
- Several positive factors influence data quality:
  - the time available for the interview is relatively long;
  - the respondents are in a relaxed environment;
  - in the case of face-to-face and, partially, telephone interview, the interviewer can assist and encourage the interviewee to consult relevant records (such as credit card bills, receipts, etc.) to recall details on the expenditures.
- When surveys on Travel are integrated in ongoing household surveys for other purposes, costs can be low.

#### DISADVANTAGES OF HOUSEHOLD SURVEYS AS A SOURCE

- Only provide data for Travel debits.
- Recall problems, reducing the reliability of the results, are faced as the data collection is carried out a certain period after the journeys abroad. **These problems may increase, for Intra-EMU trips, from 2002, as there will be no need to exchange national notes.** However, recall problems are less relevant for surveys using the diary method.
- Coverage of Travel is difficult to achieve, as the target population (travellers) is not directly surveyed. Sample size must be stepped up as only a portion of the households includes individuals who take trips abroad.
- Representativeness can be low for particular ~~category~~categories of travellers which are not likely to be found at home, especially: business travellers (particularly seasonal and border workers), students, medical patients.
- Timeliness is not particularly good.

<sup>107</sup> It should be noted that some MS specified as a problem that the system only covers the debit side (cf. Annex C, question C.3). It is therefore assumed that these country were wrongly referring to the household survey as a source rather than to the household survey based system.

<sup>108</sup> Cf. TFT Report, § 3.2.1.2.



- Cost is relatively high, especially for face-to-face interview, even if generally lower than that of frontier surveys. Also in this case, the main cost item is the salary of the interviewers, for the following reasons:
  - a great number of interviewers is required, also because the survey must be realised at national level;
  - the interview can be lengthy.
- If the survey on Travel is included in a larger survey, detailed information cannot be collected.

As regards the pros and cons of the household survey based system that were indicated in the TFT Report,<sup>109</sup> the only change reflects the opinion of the group on the fact that these systems can be regarded as a medium term goal, i.e. not as a medium-long term objective, as stated in the TFT Report

#### ADVANTAGES OF HOUSEHOLD SURVEY BASED SYSTEMS

- In principle they can be implemented in all countries. Therefore, they are suitable to build a compatible system, which in turn would improve the harmonisation of EU methodologies. Moreover, a well-established compatible system may be cost effective as it avoids redundancies in data collection efforts.

#### DISADVANTAGES OF HOUSEHOLD SURVEY BASED SYSTEMS

- Requires a close co-operation among countries to establish common methodologies, which constitute a prerequisite for an effective exchange of data. These systems can probably be regarded only as a *medium* term goal.
- Solutions must be envisaged for several methodological and practical problems: sample representativeness, cost constraints, recall problems, possibility of panel surveys.

### 3.3.3. Hybrid systems

As noted,<sup>110</sup> the hybrid system appears to be the most frequently chosen option. Five countries have expressed a preference for this system together with other options and three countries have indicated it as the only suitable strategy for the future. Finally, FI is already adopting a collection approach of this type.

In addition to the system of FI, the following paragraphs will describe, with a few details since no complete description has been provided to the TGT, the only available national plans of this type, namely those of GR and NL. Only a few details are available since no complete description has been provided to the TGT,

#### 1.1.1.3.3.1. *The system adopted by Finland*

As mentioned in the overview on present collection systems, the hybrid system adopted by FI, which is also meant to face the context of the euro circulation, relies on two main sources:

- an inbound frontier survey for the credit side;
- a household survey for the debit side.

No supplementary data source is used. Credit card data from credit card issuers, a survey of tourist provider (credit side), statistics on international flights and on international passenger transport by sea are used for verification purposes.

The system has been set up in for use in 1999 and replaces the old system based on bank reports.

<sup>109</sup> Cf. TFT Report, § 5.2.3.

<sup>110</sup> Cf. § 3.2.

The inbound frontier survey started in 1998 and runs continuously under the management of Statistics Finland. Around 15,000 annual face-to-face interviews are carried out. It produces expenditure data half-yearly, disaggregated geographically approximately at Eurostat Level 1, and annually, broken down at Level 2. Provisional half-yearly results are available 4-5 months after the reference period. The output produced by the survey is generally in line with BPM5 requirements. The only exception is the exclusion of both the expenditures of students and medical patients whose length of stay abroad is over one year and the expenditures of seasonal and border workers.

The household survey was started in 1991 and ~~it~~ is carried out jointly by Statistics Finland and the Finnish Tourist Board. It is conducted every quarter realising-with 2,100 telephone interviews conducted each quarter (8,400 annually). Quarterly data are produced with a geographical breakdown approximately at Eurostat Level 1 and; annual data with a breakdown at Level 2. Provisional quarterly results are available two and a half months after the reference period. The coverage realised-by of the survey is not in line with BPM5 requirements in several respects. Due to the limited sample size, no information on health-related, education-related and seasonal / border workers expenditures is provided. Moreover, the reference population does not include individuals aged under 15 and over 74 years. Finally, the maximum length of the trips included is three months

The system as a whole is able to exclude international transportation expenditures and provides a split by purpose according to the IMF standard components (business / personal).

### Comments of the TGT on the system implemented by Finland

#### COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM

The description of the system made available to the TGT is capable ~~to~~ of explaining the overall characteristics and provides some details, despite many specifications on the features of the two main sources (questionnaires used, response rate, etc.) ~~are missing~~ not being supplied. ~~Moreover, it is not clear~~ The methodology used to produce monthly and quarterly data is not clear, given that the frontier survey seems to provide, for the credit side, only half-yearly data.

#### COVERAGE OF TRAVEL TRANSACTIONS

The system seems to show an incomplete coverage of Travel transactions, because of the exclusion of seasonal and border workers, students and medical patients staying abroad more than one year. Moreover, on the debit side, it seems that individuals aged outside the range 15-74 years and ~~the~~ trips over three months in length are excluded.

#### DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED

The system could not meet the 'minimum' requirements of Eurostat and the ECB indicated in Table 1 as regards the split by purpose according to the IMF supplementary items (business – seasonal and border workers, personal – health-related and personal – education-related), needed for annual data.

In addition to the above ~~mentioned~~ lack of information on the method used to produce monthly and quarterly data, the description also misses an ~~the~~ indication of the timeliness of the system output.

### 3.3.3.2. *The system planned by Greece*

GR only provided a very short description of the (provisionally) planned system. Consequently, it is only briefly discussed here.

The system sketched by GR is structured as follows:

- the main sources are a household survey (for the debit side) and the bank reporting system for Extra-EMU transactions; both sources are already used at present and would be adapted to face the new context;
- the supplementary sources are a survey of travellers at accommodation establishments (for the credit side) and a survey of tourist intermediaries (tour operators); new surveys will have to be set up to this end.

#### **Comments of the TGT on the system planned by Greece**

##### **COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM**

The description of the system made available to the TGT, albeit though capable to-of explaining the overall characteristics, lacks all details. In pParticularly, the following aspects need further indicationsclarification:

- the features (e.g. the sample size, the detail, periodicity and timeliness of the results) of the surveys;
- the method envisaged for the integration of the various sources.

##### **COVERAGE OF TRAVEL TRANSACTIONS**

The system might not be able to provide a correct coverage of Travel transactions, in the hypothesis that the country participates to the EMU. Notably, from the description it is not clear how the expenditures - on the credit side, for Intra-EMU transactions - of same-day visitors and visitors using private accommodation would be covered, given that that the surveys composing the system seem not-unable to provide that information.

##### **DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED**

The above-mentioned lack of details mentioned above does not allow the-an assessment of this issue.

### 3.3.3.3. *The system planned by the Netherlands*

NL has only provided a very concise-broad description of the planned system, which is therefore only briefly discussed here. The country informed the group that additional details would be-soon be available, since Statistics Netherlands is developing the plan.

The system outlined by NL is structured as follows:

- the main sources are a household survey (for the debit side), a survey of travellers at accommodation establishments (for the credit side) and a survey of tourist providers (also for the credit side);
- the supplementary sources are the bank reporting system, the credit card data provided by credit card issuers and other sources (not specified).

The country provided a timetable for the implementation of the plan. A pilot test for the household survey and the description of the sources composing the system were planned for the year 1999. The implementation of the new Travel collection system was expected scheduled for the year 2001.

### Comments of the TGT on the system planned by the Netherlands

#### COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM

The description of the system made available to the TGT, ~~albeit though~~ capable ~~to-of~~ explaining the overall characteristics, lacks ~~at many~~ details. ~~In p~~Particularly, the following aspects need further indications:

- the features (e.g. the sample size, the detail, periodicity and timeliness of the results) of the surveys;
- the method envisaged for the integration of the various sources.

#### COVERAGE OF TRAVEL TRANSACTIONS

The system might not be able to provide a correct coverage of Travel transactions. Notably, from the description it is not clear how the expenditures - on the credit side, for Intra-EMU transactions - of same-day visitors and visitors using private accommodation would be covered, given that the surveys composing the system ~~do not~~ seem ~~not~~ able to provide ~~thi~~sat information.

#### DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED

The ~~above mentioned~~ lack of details ~~mentioned above~~ does not allow ~~the an~~ assessment of this issue.

### 3.3.3.4. General pros and cons of hybrid systems

In the written consultation on national plans none of the MS indicated the reasons for not ~~having chosen~~choosing the hybrid system among the preferred options. It should be noted that the complete lack of 'criticism' for this option largely stems from the relatively high number of countries which have included the system in the range of the potential preferences.

The TGT substantially confirms the opinion of the TFT on the general pros and cons of the hybrid systems, as it is indicated below.<sup>111</sup> The only amendment consists ~~in-of~~ the elimination of the point contained in the TFT Report stating – in illustrating the advantages - that these systems can be established in the short-medium term '*possibly as a provisional solution, allowing to test the various approaches prior to setting up a better definitive system*'. The group considered this specification as superfluous, since these systems, as well as the others, can be adopted as the definitive solution.

#### ADVANTAGES OF HYBRID SYSTEMS

- They ~~can be~~implemented~~ed~~able in all countries.
- ~~They~~ can be established in the short-medium term.

#### DISADVANTAGES OF HYBRID SYSTEMS

- The integration of the sources can be complex.
- Comparability of results may be difficult if the various countries adopt very different approaches in the combination of sources.

### 3.3.4. Credit card based systems<sup>112</sup>

It was previously indicated<sup>113</sup> that the interest shown by some MS about the possibility of a system relying on credit card<sup>114</sup> information led the TGT to include the credit card based system among the options for the future collection system for Travel. ~~The TGT further decided-and~~ to study some ~~of the~~ technical issues that could not be properly analysed by the TFT. In this paragraph further explanations ~~on-of~~ the characteristics of the system and on the outcome of the investigation carried out by the group on the mentioned technical issues are provided.

<sup>111</sup> Cf. TFT Report, § 5.2.4.

<sup>112</sup> This paragraph has been based on ad-hoc written contribution by Mr. François Renard (Banque de France).

<sup>113</sup> Cf. § 3.1.

<sup>114</sup> The term 'credit cards' refers both to 'credit cards' and 'debit cards', since the latter can be assimilated to the former for the purposes of the present discussion.

As it was described in the TFT Report, this system ~~consists in the~~produces an estimation of total Travel transactions using:

1. the information on the (cross-border) expenditures carried out by-with credit cards, collected from banks or directly from credit card issuers  
and
2. the information on the share of credit card expenditure on total Travel transactions, estimated periodically through a specific survey.

The information under 2. is then used as a multiplier applied to the basic credit card data under 1.<sup>115</sup>

In practice, if the Travel transactions related to a given period are broken down by partner country, both the statistics under 1. and under 2. have the form of a vector of, respectively, values and multipliers.

As regards the breakdown by purpose, also needed for BOP, additional sources must be used, as the credit card data can only at best give partial information<sup>116</sup> to this end (e.g. through the data on corporate credit cards from credit card issuers).

The implied assumptions, ~~referred-with reference~~leading to the formulation of-needed for this type of approach are the following:

- a) credit card data can be available to BOP compilers, with the required detail and timeliness;
- b) credit card data constitute an accurate - despite partial, since only one means of payment is encompassed - source for Travel in terms of coverage of Travel transactions and accuracy of the detail produced as regards the geographical breakdown;
- c) the estimate of the share of credit cards on total Travel through a specific survey, mentioned above under 2., is easier, and therefore cheaper, than the actual collection of total Travel. In statistical terms, it is assumed that the variability of the share is lower than that of the total and/or that the respondent can more accurately give information on the share of cards rather than on the total amount spent. For an accurate estimate, it is also assumed that the share of credit cards on total Travel is relatively high.

On the validity of the assumptions under a) and b) a general consensus was reached within the group.

As regards the assumption under a), in the description of present systems<sup>117</sup> it was apparent that the credit card information - provided by the banking sector or by the issuers of the credit cards themselves - is not only available but also frequently used as one of the main sources for the estimation of the Travel item by the MS applying a reporting system based on settlements. It can be added that almost all countries, even those relying on surveys, presently use or

<sup>115</sup> A modified form of this system might include in point 1. also other expenditures carried out by other non-cash means of payments (basically bank transfers and cheques). Obviously, the information under 2. would be modified accordingly.

<sup>116</sup> Cf. Table 2.

<sup>117</sup> Cf. § 2.1.

intend to use in the near future, the credit card information as a main or supplementary source or for verification purposes.

As regards the assumption under b), a general agreement on the substantial accuracy of the coverage of Travel realised by credit card payments was found. Nearly all cross-border credit card payments are presently Travel-related and the criteria used for the geographical breakdown, generally based on the actual country of residence of the non-resident transactor, are in line with BOP requirements.

Nonetheless, it should be noted that in the future the emerging phenomena of the use of cards for tele-shopping, notably through Internet, in the form of the so-called *e-commerce* (electronic commerce) might weaken the validity of the assumption that (nearly) all cross-border card payments represent Travel transactions. The spread of e-commerce, which offers a new way to carry out commercial transactions, constitute a new statistical challenge, given the fact that it allows the consumer to carry out purchases of goods or services ~~on~~ throughout the world with a credit card, without moving abroad. Hence, this spread could go against the hypothesis of an exclusive use of cards for Travel transactions.

For the time being, most countries seem ~~incapable-unable~~ to evaluate the consequences of the spread of e-commerce, given the absence of certainty about the ability or the willingness of credit cards issuers to provide the relevant information allowing users to distinguish cross-border Internet transactions from face-to-face ones.<sup>118</sup> At present, in the EU countries this bias seems still relatively negligible,<sup>119</sup> compared to the volume of card Travel-related payments. However, in the medium term, even ~~in the case that if~~ credit card issuers can-not provide the mentioned split between face-to-face payments and e-commerce payments, the bias could be corrected through ad-hoc surveys.

As regards the assumption indicated above under c) the agreement was not general, neither in the countries represented in the TGT, nor among the other MS.

In relation to this assumption the group decided to study the actual importance, compared to total Travel settlements, and the specific characteristics of the use of this means of payment. To this end, the group carried out an exercise to assess both the level and the variability of the share of credit - and debit - card payments on total travel transactions in six countries (AT,DE,ES,FR,IT,PT) represented in the TGT itself.<sup>120</sup>

The group noted that the comparability of figures across the various countries was not perfect. In particular, small discrepancies were found in the treatment of the withdrawals of cash from Automatic Teller Machines (ATMs), which in some countries were not included, and of debit cards, which in some countries were not exhaustively covered. Nonetheless, the analysis of the figures relating to the six countries under review allowed the following considerations:

- The share of credit cards is not homogeneous in the various countries (see Graph 1). Nonetheless, a clear upward trend of the share of credit cards is apparent for all of the

<sup>118</sup> The possibility of this distinction may come from the fact that credit card bills are not signed by the cardholders when they do not relate to face-to-face payments.

<sup>119</sup> Sweden evaluated that e-commerce represents 1% of the total cross-border transactions carried out by Swedish residents by credit card. For further details on this issue cf. K. Lauronen, *Internet commerce. From crawler to toddler*, 1999. The document is included in TGT - Papers.

<sup>120</sup> Cf. TG "Travel", *The use of credit cards for Travel transactions in selected EU countries - Second draft*, 27 April 1999. The document is included in TGT - Papers.

six countries (see Graph 2). From 1993 to 1997 – in the four countries for which complete time series were available (DE,FR,IT,PT) – the share of cards has constantly and strongly increased: from 18% to 27% for Travel receipts and from 17% to 24% for Travel expenditures. The growth rate was particularly high in France on the credit side: from 27.5% in 1993, the share reached more than 40% in 1997.

- The seasonality pattern of the share is quite different among the countries (see Graph 3). In France - and to a lesser extent in Spain and in Portugal - it shows a peak in August. On the eContrary to this, in Italy the share has-was at a minimum in the-this same month. The seasonality does not seem particularly relevant-significant for other countries.

The group subsequently reflected on the possible explanations for the marked differences in the use of credit cards among the countries that emerged from the mentioned analysis. The TGT formed the hypothesis that the differences observed could be due to several factors, notably:

- the country of origin and the country of destination of the travellers;
- the purpose of travel (business / personal);
- the mode of transport and the type of accommodation used;
- cultural factors influencing the propensity of national population to use credit cards as a substitute of cash.

The actual role played by these variables could not be tested exhaustively, given the lack of specific information on each national context. Nevertheless, a partial verification was realised found in relation to the Italian situation, taking advantage of the fact that the UIC frontier survey collects both expenditure data disaggregated by means of payment and information on travellers' characteristics and behaviour. The main results of this analysis are the following:<sup>121</sup>

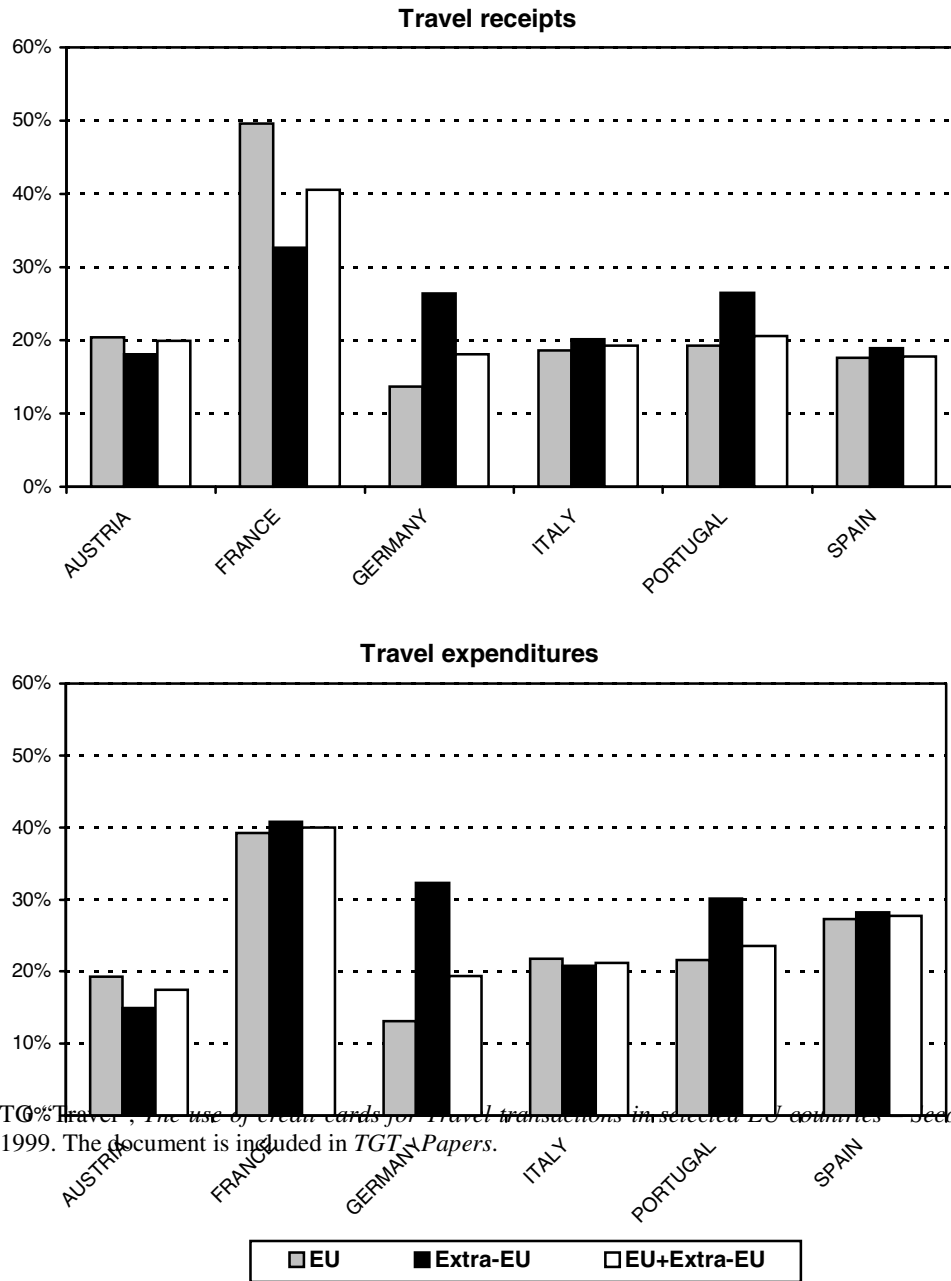
- credit cards are used more used-in-on trips for business purposes (the share is 26% for credit and 30% for debit) than in-on trips for personal reasons (respectively 17% and 15%);
- age and profession of the interviewee have a clear relationship with the spending pattern; this suggests an effect of the visitor's income on the credit card ratio;
- there is a geographical specificity (country of origin/destination) that appears independent from other variables, i.e. purpose and age of travellers.

As a conclusion, the validity of the assumption under c), essentially concerning the possibility of an accurate estimate of the share of credit cards on the basis of the assumption on-of a relatively low variability of the share, could not be clearly proved by the TGT analysis. Partially as a consequence, the MS expressed contrasting views, as it will be explained later on,<sup>122</sup> on the suitability of credit card based systems.

<sup>121</sup> Cf. G. G. Ortolani, *The use of credit cards for travel transactions in Italy - Second draft*, September 1999. The document is included in TGT - Papers.

<sup>122</sup> Cf. § 3.3.4.2.

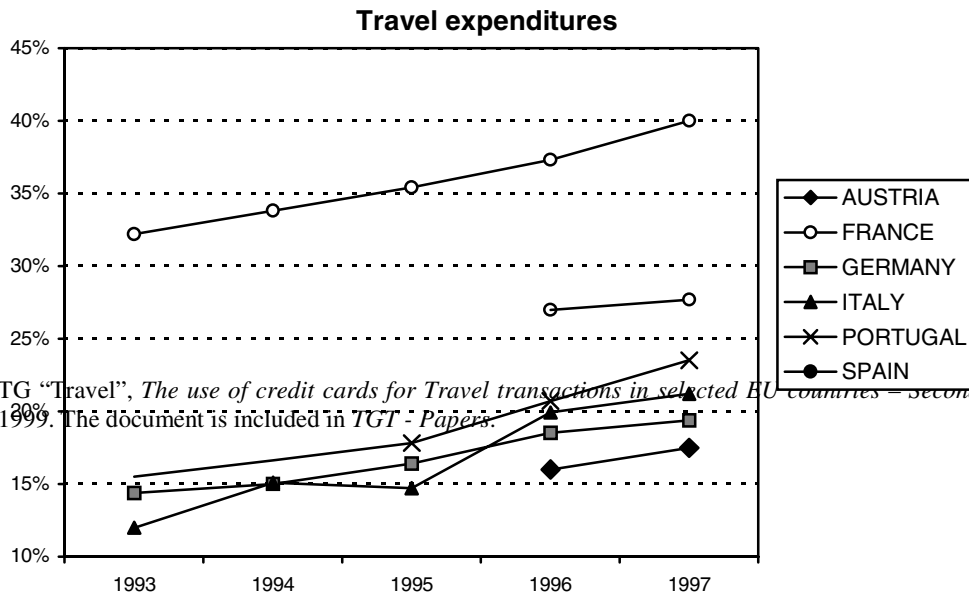
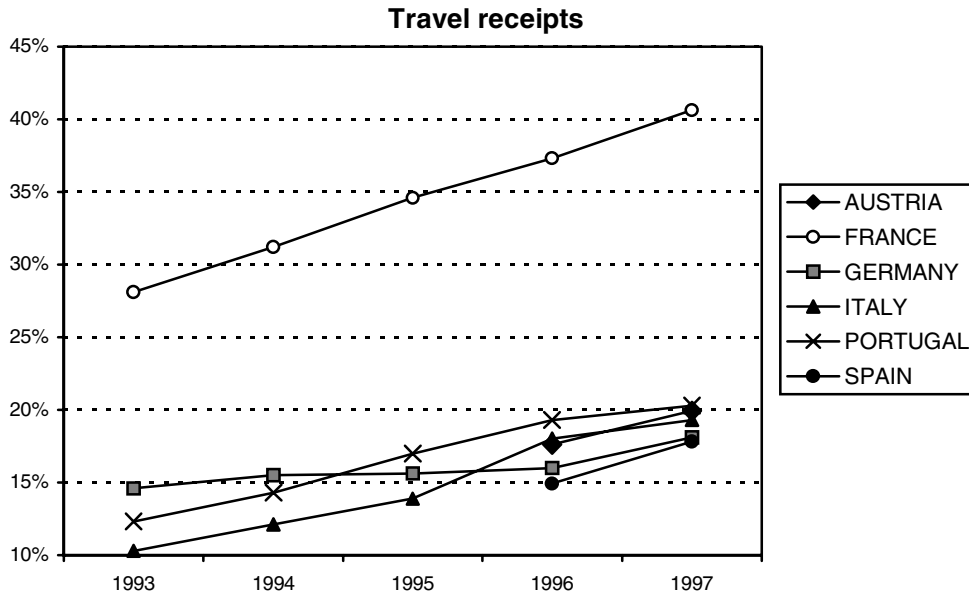
**Graph 1 - Share of credit card settlements on total Travel in some EU countries, by partner country area (1997)**



From: TGT Travel, The use of credit cards for travel transactions in selected EU countries - second draft, 27 April 1999. The document is included in TGT Papers.

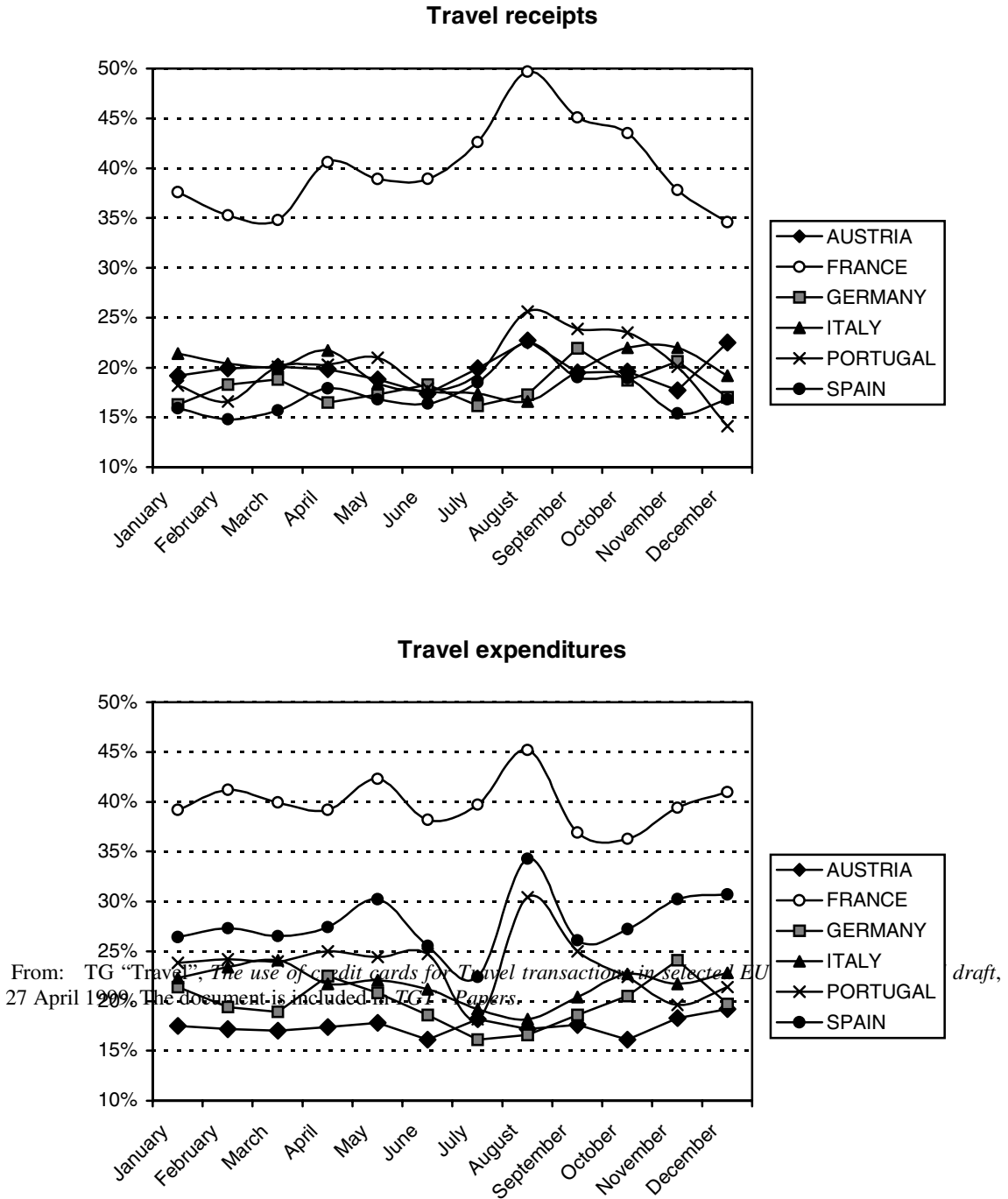


**Graph 2 - Share of credit card settlements on total Travel in some EU countries, by year (1993-1997)**



From: TG "Travel", *The use of credit cards for Travel transactions in selected EU countries - second draft*, 27 April 1999. The document is included in *TGT - Papers*.

**Graph 3 - Share of credit card settlements on total Travel in some EU countries, by month (1997)**



As mentioned, there are countries (BE,FR,LU) that intend to use a credit card based system as the future collection system. FR has also developed a plan, which will be described in [the](#) following paragraph.

Moreover, it ~~must-should~~ be added that PT, despite this country ~~has~~ not yet [having](#) developed a plan, [does](#) intends to use this source extensively, as one of the main components of ~~its~~[the](#) future system. ~~T,~~ ~~since~~ the [current low](#) share of credit cards on total Travel is expected to increase, ~~when~~[but](#) it will be combined with other sources within a hybrid system.<sup>123</sup> Also SE, as previously explained,<sup>124</sup> plans to use the credit card data, but within a system that has been considered broadly similar to a household survey based system.

### 3.3.4.1. The system planned by France

As indicated in [a](#) previous paragraph, the share of credit card payments on total Travel in FR is particularly high and rapidly growing, especially for Intra-EMU flows, which are the main concern. Moreover, national studies have demonstrated the accuracy, in relation to BOP purposes, of the recording of both the gross flows and the geographical allocation realised through credit card information, which is directly collected from credit card issuers.

These aspects suggested the use of credit card data as a point of departure for Travel estimates in the future context. ~~France and the country~~ has been considering [this possibility](#) with interest ~~this possibility~~ since the [set-upformation](#) of the TFT. The process of investigation and design realised by FR is illustrated in several papers, presented in TGT meetings.<sup>125</sup>

The system planned is structured as follows:

- the [credit card data](#) constitute one of the [main sources](#) for all transactions (Intra and Extra-EMU, credits and debits);
- the existing [bank reporting system](#) is the other [main source](#), but only for Extra-EMU transactions (credits and debits);
- ~~as regards~~ [regarding](#) the [supplementary sources](#) of the system, distinct approaches are foreseen for the two BOP sides:
  - on the [debit side](#), the existing (and improved) [household survey](#) will be adopted to estimate the share of credit card payments on total Travel expenditure, [and](#) used as a multiplier of credit card data to infer total Travel transactions;
  - for the [credit side](#), it is planned to expand the existing [inbound frontier survey](#) with additional questions allowing the ~~estimate~~ [estimation](#) of the share of credit card [spending](#).

<sup>123</sup> Cf. M. Brites Ramos, *Credit cards reports: the Portuguese experience*, 1998. The document is included in TGT - Papers.

<sup>124</sup> Cf. § 3.3.2.2.

<sup>125</sup> Cf. F. Chevril, F. Renard, *Preliminary feasibility study for the use of payments by credit cards to assess the Travel item in the balance of payments*, April 1998; F. Renard, *Surveys on Travel: principles and use for the balance of payments*, April 1998; F. Renard, *The expenditure section of the survey on tourism travelling of the French: structure and use for balance of payment purposes*, 8 April 1999. All the documents are included in TGT - Papers.

~~Moreover~~Furthermore, the country indicated that the household survey and the inbound frontier survey would be also used to estimate ~~also~~ the average and the total expenditure, if the results prove to be reliable enough, in order to cross-check them with the statistics provided by the other sources.

The household survey, i.e. the 'survey on tourism travelling of the French' (SDT), is carried out under the responsibility of the Ministry of Tourism with the main aim to comply with the Council Directive on tourism statistics. The Balance of Payments Division of the central bank contributed to the design of the expenditure section of the survey in order to include questions on the expenditure carried out by the travellers, disaggregated by means of payment used. The size of the sample has been recently doubled. Presently a panel of 20,000 individuals is interviewed each month by postal questionnaire. The questions concerning expenditure are asked every month to a sub-sample of 2,000 individuals, using the diary method; moreover, ex-post questions on Travel expenditures are asked through a questionnaire sent to those individuals - among the remaining 18,000 composing the panel - ~~which-who~~ had answered ~~to~~ havethat they had recently travelled abroad. The survey provides monthly data. On the basis of the first set of results, the response rate (around 85%) and the quality of the answers were considered to be satisfactory.

The inbound frontier survey will start in September 2000 and will last for one year, also under the management of the Ministry of Tourism. The possibility ~~to-of~~ carry~~ing~~ out the survey on an annual basis, at least for expenditure characteristics, is presently under consideration. The central bank is co-operating with the Ministry to include questions on expenditure I-with information on the share of credit cards is needed, in order to adopt the survey as a supplementary source for the credit side, as mentioned above. Automatic counting devices, able to distinguish the nationality of vehicle plates, are foreseen for the measurement of physical flows at the main road borders.

As regards the detail, the periodicity and the timeliness of the results, the system has been designed to comply with the minimum requirements indicated in Table 1.

#### **Comments of the TGT on the system planned by France**

##### **COMPLETENESS OF THE DESCRIPTION OF THE SYSTEM**

A detailed description of the system was made available to the TGT.

##### **COVERAGE OF TRAVEL TRANSACTIONS**

The system seems in principle able to provide a correct coverage of Travel transactions.

##### **DETAIL AND TIMELINESS OF THE OUTPUT PRODUCED**

The system appears in principle capable ~~to-of~~ satisfy~~ing~~ the details of the 'minimum' requirements of Eurostat and the ECB indicated in Table 1.

### **3.3.4.2. General pros and cons of credit card based systems**

In the written consultation on national plans the countries that indicated their reservations in relation to the use of a credit card based system mostly pointed out the fact that the credit card share is presently too low to use the credit card source as a basis of the future collection

approach (AT,DE,SE). LU raised the problem that the concept of residence of cardholders, as perceived by the credit card issuers of the country, may ~~could be~~ not be in line with BOP definitions.<sup>126</sup> However, several countries specified that the credit card information can be useful as a supplementary source or for verification (AT,DE,ES,NL,SE). PT, as already mentioned, stated that credit card data can ~~be even~~ be used as a main source, but within a hybrid system rather than in a credit card based system.

On the basis of the analysis of MS experiences and views and on the basis of the TGT reflection, the TFT conclusions on the pros and cons of credit card data a source<sup>127</sup> are substantially confirmed. The only minor changes concern:

- the fact - among the advantages - that the coverage and the geographical allocation provided by the source is good in most countries, to take into account the specific problems of LU (see above), which however seems not common to other MS;
- the indication – among the disadvantages - of the mentioned potential problems posed by e-commerce.

The new formulation of the pros and cons for credit card data as a source (with the changes from the TFT Report highlighted in bold-italic characters) is therefore ~~the as~~ following:

#### ADVANTAGES OF CREDIT CARD DATA AS A SOURCE

- Coverage is good *in most countries*.
- Geographical allocation is good *in most countries*.
- Timing is very good.
- They can provide high periodicity data (up to monthly data).
- They can provide detailed information on the characteristics of both the travellers (cardholders) and the (tourist) providers.
- A census is feasible, as the number of issuers operating in a given country is relatively small.
- They are particularly suitable to integrate BRS information.
- Cost is low for compilers. However, some initial costs can be envisaged for credit card issuers.

#### DISADVANTAGES OF CREDIT CARD DATA AS A SOURCE

- Non-tourist-related transactions may be included in Travel e.g. purchases of non-tourist goods/services made by cardholders while they are in the home country (*notably through Internet in the form of 'e-commerce'*).
- Purpose of travel can not be established.
- Requires the co-operation of credit card issuers.

As regards the credit card based systems, the TGT summarised its thinking as shown~~introduces the formulation indicated~~ below. It should be noted that the first disadvantage reflects the ~~non-unanimous~~non-unanimous consensus of both the TGT and the MS on the feasibility of the estimate of the share of credit cards by means of surveys.

#### ADVANTAGES OF CREDIT CARD BASED SYSTEMS

- They could become particularly efficient in the medium-long term, if the share of credit cards on total Travel reaches very high proportions, provided that tools are devised to face the problems posed by the spread of e-commerce.
- Cost can be low if they can be set up mostly relying on existing survey sources, appropriately adapted.

#### DISADVANTAGES OF CREDIT CARD BASED SYSTEMS

- The possibility of the estimate of the share of credit cards on total Travel through surveys needs to be confirmed by concrete national experiences.

<sup>126</sup> About the specific features of the credit card information in LU, cf. Annex C, question C.3.d.

<sup>127</sup> Cf. TFT Report, § 3.2.2.1.1.

### 3.3.5. General issues: exchange of information with partner countries and estimates

This paragraph ~~is meant to~~ discuss<sup>es</sup> the experiences of MS on the exchange of data with partner countries and on the methodology for estimates and models. They are analysed in a specific section because these two issues are, in principle, relevant for all the four options discussed above.

#### 3.3.5.1. Exchange of information with partner countries

In previous parts of the report the potential and actual use of the exchange of data with partner countries in collection systems for Travel has been occasionally noted. It can be summarised that partner country data constitute a relevant and important source:

1. In general, i.e. for all types of collection systems, because they allow countries to verify the quality produced by the national system through an independent measure.
2. For household survey based system, since they represent an essential component of the strategy, producing the information needed to cover (part of) the credit side.
3. For systems based on bank reports, since they are, in practice, the only basis to determine the gross turnover of the exchanges of domestic notes realised by the resident travellers in banks abroad.<sup>128</sup>

The importance of partner country data as a source was pointed out in the TFT Report. The TGT confirms the presentation that was made there of the pros of cons of the source, which is reproduced in the following below:<sup>129</sup>

#### ADVANTAGES OF PARTNER COUNTRY DATA AS A SOURCE

- Can improve the quality of statistics resulting from other sources, allowing the identification, explanation and correction of the discrepancies.
- In some cases, it may represent the only available option to assess figures about specific aspects.
- The source is inexpensive.

#### DISADVANTAGES OF PARTNER COUNTRY DATA AS A SOURCE

- Comparability of the data exchanged can be unsatisfactory, due to lack of harmonisation of methodologies, detail and accuracy.
- The compiler has no control over the characteristics of the partner countries' data collection systems (scope, coverage, quality of the data, timeliness, periodicity).
- Require the co-operation among countries. In order to work efficiently, the exchange should be carried out on a regular basis, through an agreed standard procedure.

It ~~could-should~~ be noted that from this analysis two considerations, in addition to what was already indicated, can be derived:

- The adoption of the source is particularly cost efficient, as mentioned above in the pros advantages.
- The need for co-operation among countries is the crucial disadvantage, since the set up of a co-ordinated exchange of information could solve the other two cons-problems of

<sup>128</sup> Cf. § 2.2, aggregate A5.

<sup>129</sup> Cf. TFT Report, § 3.4.

the source - i.e. the possible problems of comparability and the lack of control on the partner country's data characteristics.

The TFT recognised this latter need in one of its recommendations,<sup>130</sup> concerning the short-term improvement of existing systems. It was stated that "MS should endeavour to realise a complete exchange of information with other EU countries, both on-of data and on-of methodologies concerning Travel".

Nevertheless, it must be noted that at present, despite their potential advantages, the practices of exchange of data are not frequent among EU countries. As noted in the description of the present systems,<sup>131</sup> only AT, DE, GB and SE currently use this source as a supplementary tool. In particular, AT, DE and SE are the only countries adopting a system based on bank reports that realise-carry out the above-mentioned inclusion of the exchanges of domestic notes abroad through an exchange of data.

### 3.3.5.1.1. Practical experiences in the exchange of Travel bilateral data<sup>132</sup>

In this paragraph, some practical experiences carried out by some MS, within or outside the framework of the TGT, in the exchange of Travel bilateral data are discussed.

The TFT had suggested the standardisation of the exchange of data between the MS through a specific form designed by the Task Force 2 "Current Account" (TF2).<sup>133</sup> This form would have allowed to-the gathering and comparisone of Travel data broken down by means of payment, with an indication of all the corrections and supplements (i.e. adjustments of the geographical breakdown, deductions of notes re-exchanged after journey, etc.) necessary to provide a detailed description of the elements composing the total Travel transactions.

Following the suggestions of the TFT, in May 1997, four countries represented in the same Task Force - namely Austria, France, Germany and Italy - met in Frankfurt to carry out an informal bilateral comparison exercise on Travel figures, by adopting a form which consisted in-of a revised version of the one elaborated by the TF2.<sup>134</sup> Alongside with the As well as data, detailed information on the countries' methodology was exchanged.

The exercise, covering annual data for the period 1994-1996, allowed identifying identification of the means of payments for which major, apparently structural, discrepancies were present. Subsequently, actions were undertaken to try to reduce the asymmetries.

<sup>130</sup> Cf. TFT Report, § 6.1 - Recommendation 1.

<sup>131</sup> Cf. § 2.1.

<sup>132</sup> This paragraph has been based on the document *First Experience with the "bottom up approach"* (December 1999) by Mr. Hans-Peter Glaab (Deutsche Bundesbank). The document had been presented at the Eurostat 'Ad Hoc Committee on Asymmetries' in January 2000.

<sup>133</sup> Cf. TFT Report, § 5.1.1.

<sup>134</sup> G.G. Ortolani, *Travel bilateral comparisons (Austria, France, Germany, Italy)*, room document of the ad-hoc meeting held in Frankfurt am Main, 26 May 1997.

The effect on asymmetries can be seen in Table 5.<sup>135</sup> In the lower part of each 'block', the results produced before the meeting (figures for 1994 to 1996) are given, whereas in the upper part the results of the revised estimates from 1995 onwards and the new data published in the meantime are indicated.

For the year 1996, there was an overall reduction of bilateral asymmetries of about 1.4 billion ECU.<sup>136</sup> This came about through the harmonisation of some elements in the national estimates. As those countries that made adjustments did so not only in their results for the past, but also in their estimation methods, a lasting positive impact was made. Not only the revised data, but also the new data for the following years show asymmetries that are lower than before.

The main improvement was ~~reached-produced~~ by using more realistic estimates in Germany and Austria for the percentage of bank notes re-exchanged by returning travellers. As ~~far as~~ these modified ratios were ~~also~~ used ~~also~~ for estimates of the travel account with countries not participating in the exercise, there was an effect on asymmetries with ~~them-other countries~~ as well.

The 1997 meeting also improved the understanding of the approaches used by the participating countries and of the strengths and weaknesses of the existing estimation methods. This served as an input into more detailed investigations at the national level, some of which lead to further modifications.

The most important of these modifications is an improvement of the French treatment of domestic banknote flows via the wholesale market in Zurich, which is just now being implemented.<sup>137</sup> The result of this change can be seen in Table 6. In general, there is a considerable further reduction of bilateral asymmetries. Notably, the asymmetries between France and Germany have practically disappeared. ~~Though-However,~~ the total French figures against the rest of the world are not affected, since ~~there-this~~ is only a geographical redistribution of credits and debits. ~~There is~~ ~~though,~~ a strong improvement of the Intra-EU/Extra-EU split and of bilateral Intra-EU asymmetries.

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<sup>135</sup> The table was elaborated by Mr. R. Dell'mour.

<sup>136</sup> In 1996, the sum of the absolute value, i.e. irrespective of the sign, of the bilateral asymmetries of the four countries decreased from 4.9 to 3.5 billion ECU.



This case is interesting, insofar as there is a clear improvement for the geographical breakdown of the French data. This ~~change even though~~, increases the imbalance between Intra-EU credits and debits for the overall EU results ~~is increased~~, since French Intra-EU credits are revised upwards more strongly than French Intra-EU debits, adding to the already existing Intra-EU surplus of credits over debits.

In May 1999, a bilateral meeting of Spanish and British experts took place to investigate the travel asymmetries between these two countries, which in absolute terms are the largest in the EU. A number of possible reasons for the discrepancies ~~was were~~ found, which ~~could will~~ lead to further investigations. As a first result, with the next release of Travel data, the UK estimate of debits with Spain for 1998 will be revised upwards by about 7.5 %, reducing the bilateral asymmetry between the two countries by about half a billion ECU.

The TGT investigated bilateral asymmetries again with a view to improve the quality of the estimates. The exercise was repeated, in the framework of the TGT, during the meeting held in Vienna (April 1999) and - also following a request of the Eurostat Ad Hoc Committee on Asymmetries - in London (December 1999). The comparison was enlarged to include other countries, i.e. Portugal, Spain and the United Kingdom,<sup>138</sup> covering figures for the years 1995-1998.

The results of this second round of comparisons have not yet completely been defined. Nonetheless, some further reduction of asymmetries is likely to ensue. Germany is considering ~~to~~ modifying its estimate for the amount of German banknotes exchanged in Italy and to use partner country data for the same component with Spain. Germany; ~~it~~ may also introduce supplementary estimates for Travel credits and debits financed via withdrawals from foreign bank accounts and smaller (below the threshold) bank transfers. If implemented, these measures would reduce bilateral Intra-EU asymmetries for 1998 in the order of magnitude of 1.5 billion ECU (with similar effects in other years). As with the 1997 meeting, further positive effects ~~of this from these~~ discussions can be expected in the future.

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<sup>137</sup> Cf. 2.2, footnote 42.

<sup>138</sup> For the UK, only global figures were considered since the International Passenger Survey does not collect data disaggregated by means of payment.

**Table 5 - Bilateral asymmetry indicators (Austria, France, Germany, Italy – 1994-1998) for the Travel item in two bilateral comparison exercises (before the revision of data for France for domestic notes). Amounts in million ECU.**

|         |          |           | AUSTRIA      |              |              |              |      | FRANCE                         |      |      |      |      | GERMANY                            |      |      |      |      | ITALY                          |      |      |      |      |
|---------|----------|-----------|--------------|--------------|--------------|--------------|------|--------------------------------|------|------|------|------|------------------------------------|------|------|------|------|--------------------------------|------|------|------|------|
|         |          |           | 1994         | 1995         | 1996         | 1997         | 1998 | 1994                           | 1995 | 1996 | 1997 | 1998 | 1994                               | 1995 | 1996 | 1997 | 1998 | 1994                           | 1995 | 1996 | 1997 | 1998 |
| AUSTRIA | Ex. 1999 | Reporter  |              |              |              |              |      | <b>195 191 185 212</b>         |      |      |      |      | <b>6,466 5,785 5,396 5,487</b>     |      |      |      |      | <b>476 424 463 517</b>         |      |      |      |      |
|         |          | Partner   |              |              |              |              |      | 112 159 145 184                |      |      |      |      | 5,123 4,994 4,702 4,869            |      |      |      |      | 306 342 402 461                |      |      |      |      |
|         |          | D         |              |              |              |              |      | 83 32 40 28                    |      |      |      |      | 1,343 791 694 618                  |      |      |      |      | 170 82 61 56                   |      |      |      |      |
|         |          | %         |              |              |              |              |      | 27% 9% 12% 7%                  |      |      |      |      | 12% 7% 7% 6%                       |      |      |      |      | 22% 11% 7% 6%                  |      |      |      |      |
| AUSTRIA | Ex. 1997 | Reporter  |              |              |              |              |      | <b>226 209 174</b>             |      |      |      |      | <b>6,711 6,712 6,331</b>           |      |      |      |      | <b>626 502 481</b>             |      |      |      |      |
|         |          | Partner   |              |              |              |              |      | 86 112 159                     |      |      |      |      | 5,430 5,127 4,969                  |      |      |      |      | 364 307 342                    |      |      |      |      |
|         |          | D         |              |              |              |              |      | 140 97 15                      |      |      |      |      | 1,281 1,585 1,362                  |      |      |      |      | 262 195 139                    |      |      |      |      |
|         |          | %         |              |              |              |              |      | 45% 30% 5%                     |      |      |      |      | 11% 13% 12%                        |      |      |      |      | 26% 24% 17%                    |      |      |      |      |
| FRANCE  | Ex. 1999 | Reporter  | <b>199</b>   | <b>221</b>   | <b>249</b>   | <b>228</b>   |      |                                |      |      |      |      | <b>2,651 2,691 2,638 2,892</b>     |      |      |      |      | <b>1,136 1,200 1,499 1,706</b> |      |      |      |      |
|         |          | Partner   | 199          | 183          | 219          | 230          |      |                                |      |      |      |      | 3,236 3,211 3,215 3,246            |      |      |      |      | 1,226 1,940 1,692 1,694        |      |      |      |      |
|         |          | D         | 0            | 38           | 30           | -2           |      |                                |      |      |      |      | -585 -520 -577 -354                |      |      |      |      | -90 -740 -193 12               |      |      |      |      |
|         |          | %         | 0%           | 9%           | 6%           | 0%           |      |                                |      |      |      |      | 10% 9% 10% 6%                      |      |      |      |      | 4% 24% 6% 0%                   |      |      |      |      |
| FRANCE  | Ex. 1997 | Reporter  | <b>297</b>   | <b>199</b>   | <b>223</b>   |              |      |                                |      |      |      |      | <b>2,520 2,651 2,744</b>           |      |      |      |      | <b>1,201 1,136 1,228</b>       |      |      |      |      |
|         |          | Partner   | 286          | 252          | 258          |              |      |                                |      |      |      |      | 3,215 3,268 3,227                  |      |      |      |      | 1,515 1,226 1,940              |      |      |      |      |
|         |          | D         | 11           | -53          | -35          |              |      |                                |      |      |      |      | -695 -617 -483                     |      |      |      |      | -314 -90 -712                  |      |      |      |      |
|         |          | %         | 2%           | 12%          | 7%           |              |      |                                |      |      |      |      | 12% 10% 8%                         |      |      |      |      | 12% 4% 22%                     |      |      |      |      |
| GERMANY | Ex. 1999 | Reporter  | <b>1,864</b> | <b>1,831</b> | <b>1,755</b> | <b>1,677</b> |      | <b>1,379 1,474 1,458 1,479</b> |      |      |      |      |                                    |      |      |      |      | <b>591 622 668 715</b>         |      |      |      |      |
|         |          | Partner   | 2,572        | 2,392        | 2,241        | 2,179        |      | 1,189 1,296 1,273 1,363        |      |      |      |      |                                    |      |      |      |      | 1,101 796 832 889              |      |      |      |      |
|         |          | D         | -708         | -561         | -487         | -502         |      | 190 178 185 116                |      |      |      |      |                                    |      |      |      |      | -510 -174 -164 -174            |      |      |      |      |
|         |          | %         | 16%          | 13%          | 12%          | 13%          |      | 7% 6% 7% 4%                    |      |      |      |      |                                    |      |      |      |      | 30% 12% 11% 11%                |      |      |      |      |
| GERMANY | Ex. 1997 | Reporter  | <b>1,593</b> | <b>1,875</b> | <b>1,851</b> |              |      | <b>1,303 1,359 1,436</b>       |      |      |      |      |                                    |      |      |      |      | <b>321 286 320</b>             |      |      |      |      |
|         |          | Partner   | 2,472        | 2,755        | 2,636        |              |      | 1,096 1,189 1,297              |      |      |      |      |                                    |      |      |      |      | 1,505 1,101 796                |      |      |      |      |
|         |          | D         | -879         | -880         | -785         |              |      | 207 170 139                    |      |      |      |      |                                    |      |      |      |      | -1,184 -815 -476               |      |      |      |      |
|         |          | %         | 22%          | 19%          | 17%          |              |      | 9% 7% 5%                       |      |      |      |      |                                    |      |      |      |      | 65% 59% 43%                    |      |      |      |      |
| ITALY   | Ex. 1999 | Reporter  | <b>868</b>   | <b>1,131</b> | <b>1,438</b> | <b>1,809</b> |      | <b>1,554 1,689 1,786 2,053</b> |      |      |      |      | <b>6,952 6,581 6,417 6,921</b>     |      |      |      |      |                                |      |      |      |      |
|         |          | Partner   | 1,277        | 1,260        | 1,182        | 1,200        |      | 1,029 1,250 1,352 1,518        |      |      |      |      | 5,190 5,443 5,271 5,885            |      |      |      |      |                                |      |      |      |      |
|         |          | D         | -409         | -128         | 256          | 609          |      | 525 439 434 535                |      |      |      |      | 1,762 1,138 1,146 1,037            |      |      |      |      |                                |      |      |      |      |
|         |          | %         | 19%          | 5%           | 10%          | 20%          |      | 20% 15% 14% 15%                |      |      |      |      | 15% 9% 10% 8%                      |      |      |      |      |                                |      |      |      |      |
| ITALY   | Ex. 1997 | Reporter  | <b>736</b>   | <b>868</b>   | <b>1,131</b> |              |      | <b>1,635 1,554 1,689</b>       |      |      |      |      | <b>6,860 6,952 6,581</b>           |      |      |      |      |                                |      |      |      |      |
|         |          | Partner   | 1,204        | 1,280        | 1,273        |              |      | 968 1,020 1,252                |      |      |      |      | 4,422 4,883 5,105                  |      |      |      |      |                                |      |      |      |      |
|         |          | D         | -468         | -412         | -142         |              |      | 667 534 437                    |      |      |      |      | 2,438 2,069 1,476                  |      |      |      |      |                                |      |      |      |      |
|         |          | %         | 24%          | 19%          | 6%           |              |      | 26% 21% 15%                    |      |      |      |      | 22% 17% 13%                        |      |      |      |      |                                |      |      |      |      |
| Total   | Ex. 1999 | Reporters | <b>2,931</b> | <b>3,183</b> | <b>3,442</b> | <b>3,714</b> |      | <b>3,128 3,354 3,429 3,744</b> |      |      |      |      | <b>16,069 15,057 14,450 15,300</b> |      |      |      |      | <b>2,203 2,246 2,630 2,938</b> |      |      |      |      |
|         |          | Partner   | 4,048        | 3,835        | 3,642        | 3,608        |      | 2,330 2,705 2,770 3,065        |      |      |      |      | 13,549 13,647 13,189 13,999        |      |      |      |      | 2,633 3,078 2,927 3,044        |      |      |      |      |
|         |          | D         | -1,117       | -651         | -200         | 105          |      | 798 649 659 679                |      |      |      |      | 2,520 1,409 1,262 1,301            |      |      |      |      | -430 -831 -297 -106            |      |      |      |      |
|         |          | %         | 16%          | 9%           | 3%           | 1%           |      | 15% 11% 11% 10%                |      |      |      |      | 9% 5% 5% 4%                        |      |      |      |      | 9% 16% 5% 2%                   |      |      |      |      |
| Total   | Ex. 1997 | Reporter  | <b>2,626</b> | <b>2,942</b> | <b>3,205</b> |              |      | <b>3,164 3,122 3,299</b>       |      |      |      |      | <b>16,091 16,315 15,656</b>        |      |      |      |      | <b>2,148 1,924 2,029</b>       |      |      |      |      |
|         |          | Partner   | 3,962        | 4,287        | 4,167        |              |      | 2,150 2,321 2,708              |      |      |      |      | 13,067 13,278 13,301               |      |      |      |      | 3,384 2,634 3,078              |      |      |      |      |
|         |          | D         | -1,336       | -1,345       | -962         |              |      | 1,014 801 591                  |      |      |      |      | 3,024 3,037 2,355                  |      |      |      |      | -1,236 -710 -1,049             |      |      |      |      |
|         |          | %         | 20%          | 19%          | 13%          |              |      | 19% 15% 10%                    |      |      |      |      | 10% 10% 8%                         |      |      |      |      | 22% 16% 21%                    |      |      |      |      |

NOTES

The country by row is the country that reported the Travel credits, the country by column is the country that reported the Travel debits (mirror figure). The table shows in bold characters the credits of the reporting country, in normal characters the debits of the partner country and in italics the absolute ( $D = \text{Reporter} - \text{Partner}$ ) and relative (%) asymmetries. The relative asymmetry is calculated as:  $(D) / (\text{Reporter} + \text{Partner})$ , in absolute terms (no sign). Ex. 1997 = Data provided for the exercise held in Frankfurt in 1997; Ex. 1999 = Data provided for the exercise held in Vienna and London in 1999.

**Table 6 - Bilateral asymmetry indicators (Austria, France, Germany, Italy – 1994-1998) for the Travel item in two bilateral comparison exercises (after the revision of data for France for domestic notes). Amounts in million ECU.**

|         |          |           | AUSTRIA |        |       |       |      | FRANCE |       |       |       |      | GERMANY |        |        |        |      | ITALY  |       |        |       |      |
|---------|----------|-----------|---------|--------|-------|-------|------|--------|-------|-------|-------|------|---------|--------|--------|--------|------|--------|-------|--------|-------|------|
|         |          |           | 1994    | 1995   | 1996  | 1997  | 1998 | 1994   | 1995  | 1996  | 1997  | 1998 | 1994    | 1995   | 1996   | 1997   | 1998 | 1994   | 1995  | 1996   | 1997  | 1998 |
| AUSTRIA | Ex. 1999 | Reporter  |         |        |       |       |      | 195    | 191   | 185   | 212   |      | 6,466   | 5,785  | 5,396  | 5,487  |      | 476    | 424   | 463    | 517   |      |
|         |          | Partner   |         |        |       |       |      | 121    | 172   | 156   | 197   |      | 5,123   | 4,994  | 4,702  | 4,869  |      | 306    | 342   | 402    | 461   |      |
|         |          | D         |         |        |       |       |      | 74     | 19    | 29    | 15    |      | 1,343   | 791    | 694    | 618    |      | 170    | 82    | 61     | 56    |      |
|         |          | %         |         |        |       |       |      | 23%    | 5%    | 8%    | 4%    |      | 12%     | 7%     | 7%     | 6%     |      | 22%    | 11%   | 7%     | 6%    |      |
| AUSTRIA | Ex. 1997 | Reporter  |         |        |       |       |      | 226    | 209   | 174   |       |      | 6,711   | 6,712  | 6,331  |        |      | 626    | 502   | 481    |       |      |
|         |          | Partner   |         |        |       |       |      | 86     | 112   | 159   |       |      | 5,430   | 5,127  | 4,969  |        |      | 364    | 307   | 342    |       |      |
|         |          | D         |         |        |       |       |      | 140    | 97    | 15    |       |      | 1,281   | 1,585  | 1,362  |        |      | 262    | 195   | 139    |       |      |
|         |          | %         |         |        |       |       |      | 45%    | 30%   | 5%    |       |      | 11%     | 13%    | 12%    |        |      | 26%    | 24%   | 17%    |       |      |
| FRANCE  | Ex. 1999 | Reporter  | 245     | 270    | 298   | 258   |      |        |       |       |       |      | 3,262   | 3,282  | 3,157  | 3,269  |      | 1,398  | 1,464 | 1,794  | 1,928 |      |
|         |          | Partner   |         | 199    | 183   | 219   | 230  |        |       |       |       |      | 3,236   | 3,211  | 3,215  | 3,246  |      | 1,226  | 1,940 | 1,692  | 1,694 |      |
|         |          | D         | 46      | 87     | 79    | 29    |      |        |       |       |       |      | 26      | 72     | -59    | 23     |      | 172    | -476  | 101    | 233   |      |
|         |          | %         | 10%     | 19%    | 15%   | 6%    |      |        |       |       |       |      | 0%      | 1%     | 1%     | 0%     |      | 7%     | 14%   | 3%     | 6%    |      |
| FRANCE  | Ex. 1997 | Reporter  | 297     | 199    | 223   |       |      |        |       |       |       |      | 2,520   | 2,651  | 2,744  |        |      | 1,201  | 1,136 | 1,228  |       |      |
|         |          | Partner   | 286     | 252    | 258   |       |      |        |       |       |       |      | 3,215   | 3,268  | 3,227  |        |      | 1,515  | 1,226 | 1,940  |       |      |
|         |          | D         | 11      | -53    | -35   |       |      |        |       |       |       |      | -695    | -617   | -483   |        |      | -314   | -90   | -712   |       |      |
|         |          | %         | 2%      | 12%    | 7%    |       |      |        |       |       |       |      | 12%     | 10%    | 8%     |        |      | 12%    | 4%    | 22%    |       |      |
| GERMANY | Ex. 1999 | Reporter  | 1,864   | 1,831  | 1,755 | 1,677 |      | 1,379  | 1,474 | 1,458 | 1,479 |      |         |        |        |        |      | 591    | 622   | 668    | 715   |      |
|         |          | Partner   | 2,572   | 2,392  | 2,241 | 2,179 |      | 1,280  | 1,399 | 1,370 | 1,459 |      |         |        |        |        |      | 1,101  | 796   | 832    | 889   |      |
|         |          | D         | -708    | -561   | -487  | -502  |      | 98     | 75    | 89    | 20    |      |         |        |        |        |      | -510   | -174  | -164   | -174  |      |
|         |          | %         | 16%     | 13%    | 12%   | 13%   |      | 4%     | 3%    | 3%    | 1%    |      |         |        |        |        |      | 30%    | 12%   | 11%    | 11%   |      |
| GERMANY | Ex. 1997 | Reporter  | 1,593   | 1,875  | 1,851 |       |      | 1,303  | 1,359 | 1,436 |       |      |         |        |        |        |      | 321    | 286   | 320    |       |      |
|         |          | Partner   | 2,472   | 2,755  | 2,636 |       |      | 1,096  | 1,189 | 1,297 |       |      |         |        |        |        |      | 1,505  | 1,101 | 796    |       |      |
|         |          | D         | -879    | -880   | -785  |       |      | 207    | 170   | 139   |       |      |         |        |        |        |      | -1,184 | -815  | -476   |       |      |
|         |          | %         | 22%     | 19%    | 17%   |       |      | 9%     | 7%    | 5%    |       |      |         |        |        |        |      | 65%    | 59%   | 43%    |       |      |
| ITALY   | Ex. 1999 | Reporter  | 868     | 1,131  | 1,438 | 1,809 |      | 1,554  | 1,689 | 1,786 | 2,053 |      | 6,952   | 6,581  | 6,417  | 6,921  |      |        |       |        |       |      |
|         |          | Partner   | 1,277   | 1,260  | 1,182 | 1,200 |      | 1,108  | 1,350 | 1,455 | 1,625 |      | 5,190   | 5,443  | 5,271  | 5,885  |      |        |       |        |       |      |
|         |          | D         | -409    | -128   | 256   | 609   |      | 446    | 339   | 331   | 428   |      | 1,762   | 1,138  | 1,146  | 1,037  |      |        |       |        |       |      |
|         |          | %         | 19%     | 5%     | 10%   | 20%   |      | 17%    | 11%   | 10%   | 12%   |      | 15%     | 9%     | 10%    | 8%     |      |        |       |        |       |      |
| ITALY   | Ex. 1997 | Reporter  | 736     | 868    | 1,131 |       |      | 1,635  | 1,554 | 1,689 |       |      | 6,860   | 6,952  | 6,581  |        |      |        |       |        |       |      |
|         |          | Partner   | 1,204   | 1,280  | 1,273 |       |      | 968    | 1,020 | 1,252 |       |      | 4,422   | 4,883  | 5,105  |        |      |        |       |        |       |      |
|         |          | D         | -468    | -412   | -142  |       |      | 667    | 534   | 437   |       |      | 2,438   | 2,069  | 1,476  |        |      |        |       |        |       |      |
|         |          | %         | 24%     | 19%    | 6%    |       |      | 26%    | 21%   | 15%   |       |      | 22%     | 17%    | 13%    |        |      |        |       |        |       |      |
| Total   | Ex. 1999 | Reporters | 2,977   | 3,232  | 3,491 | 3,744 |      | 3,128  | 3,354 | 3,429 | 3,744 |      | 16,680  | 15,648 | 14,969 | 15,677 |      | 2,465  | 2,510 | 2,925  | 3,159 |      |
|         |          | Partner   | 4,048   | 3,835  | 3,642 | 3,608 |      | 2,509  | 2,921 | 2,981 | 3,281 |      | 13,549  | 13,647 | 13,189 | 13,999 |      | 2,633  | 3,078 | 2,927  | 3,044 |      |
|         |          | D         | -1,071  | -602   | -151  | 136   |      | 618    | 433   | 449   | 463   |      | 3,131   | 2,000  | 1,781  | 1,678  |      | -168   | -568  | -2     | 115   |      |
|         |          | %         | 15%     | 9%     | 2%    | 2%    |      | 11%    | 7%    | 7%    | 7%    |      | 10%     | 7%     | 6%     | 6%     |      | 3%     | 10%   | 0%     | 2%    |      |
| Total   | Ex. 1997 | Reporter  | 2,626   | 2,942  | 3,205 |       |      | 3,164  | 3,122 | 3,299 |       |      | 16,091  | 16,315 | 15,656 |        |      | 2,148  | 1,924 | 2,029  |       |      |
|         |          | Partner   | 3,962   | 4,287  | 4,167 |       |      | 2,150  | 2,321 | 2,708 |       |      | 13,067  | 13,278 | 13,301 |        |      | 3,384  | 2,634 | 3,078  |       |      |
|         |          | D         | -1,336  | -1,345 | -962  |       |      | 1,014  | 801   | 591   |       |      | 3,024   | 3,037  | 2,355  |        |      | -1,236 | -710  | -1,049 |       |      |
|         |          | %         | 20%     | 19%    | 13%   |       |      | 19%    | 15%   | 10%   |       |      | 10%     | 10%    | 8%     |        |      | 22%    | 16%   | 21%    |       |      |

**NOTES**

The country by row is the country that reported the Travel credits, the country by column is the country that reported the Travel debits (mirror figure). The table shows in bold characters the credits of the reporting country, in normal characters the debits of the partner country and in italics the absolute ( $D = \text{Reporter} - \text{Partner}$ ) and relative ( $\% = \frac{D}{\text{Reporter} + \text{Partner}}$ ) asymmetries. The relative asymmetry is calculated as: ( $D$ ) / ( $\text{Reporter} + \text{Partner}$ ), in absolute terms (no sign). Ex. 1997 = Data provided for the exercise held in Frankfurt in 1997; Ex. 1999 = Data provided for the exercise held in Vienna and London in 1999.

The TGT agreed on the following considerations - derived from the above-illustrated experiences - concerning the prerequisites to be met for the effectiveness of bilateral comparison exercises on Travel:

- Improving quality and reducing asymmetries on the basis of bilateral comparisons is feasible, but requires considerable time and effort. A detailed analysis of compilation and estimation methods will normally be necessary.
- Participants in workshops or bilateral comparisons should have detailed knowledge of their national practices.
- Meetings have to be prepared well in advance; asymmetry tables and information on national compilation methods should be made available in advance.
- Analysing compilation methods in detail, normally a number of points can be found, where it is relatively clear which component or method is more reliable.
- Therefore, the bilateral comparison exercises can lead to a very clear improvement in quality (both at the national and at the European level). It can also reduce asymmetries substantially, but reduction of bilateral asymmetries does not necessarily mean that the overall EU asymmetry is also reduced.
- A follow-up of multilateral meetings by informal bilateral contacts (e. g. via e-mail) can be very helpful.
- Single bilateral or multilateral meetings do have a positive effect, but improvement and maintenance of quality is a permanent task. Regular (e.g. annual) meetings of specialised working groups (quality circles) are desirable. This is particular true in times of transition, as in the case of travel, where many of the existing compilation methods will have to be revised.
- The effect of in-depth investigations of bilateral asymmetry is beneficial not only in the short term, but also in the longer term. Improved estimation methods produce better estimates not only for the past, but also for future periods. Detailed study of asymmetries and of compilation methods leads to an increased awareness ~~for of~~ problem areas, and shared information can help to improve methodological decisions with a lasting effect.
- Implementation of improvements takes time, as they have to be introduced into the national systems and revision practices have to be respected.

Finally, the experience of the TGT in the practice of bilateral comparisons was considered useful to contribute to the work underway at Eurostat in the field of "Travel" BOP asymmetries. As previously illustrated, the bilateral comparison exercises were not carried out with the primary aim to reduce asymmetries, but rather to find explanations for them or to improve the quality of results at the national level. Nonetheless, the group agreed that these experiences constituted a practical demonstration of the effectiveness of the so-called *bottom-up approach* for the reduction of Intra-EU bilateral asymmetries.

The position of the TGT on the issue of Travel asymmetries is summarised in the box below.

The experience carried out in last years led the TGT to the conclusion that, in the consideration of Travel bilateral asymmetries, the priority issue should be the assessment of the quality of the data produced by each country (accuracy of the coverage, consistency of data collection operations, etc). A thorough examination of the

individual country's collection methodologies is therefore required to assess the "plausibility" of the figures produced.

The practical feasibility and usefulness of such an approach has been tested, through the multilateral comparison exercises carried out in 1997 and in 1999. The outcome has been a revision of the data that led to a substantial reduction of the asymmetries among the participating countries.

In the light of the positive outcome of these experiences, the group members considers it necessary to meet regularly, e.g. once a year, to repeat the bilateral comparison exercise, even outside the framework of the TGT.

**As a conclusion, the TGT members agreed that the bilateral exchange of data and views between national BOP compilers on all the methodological aspects (coverage, estimation techniques, criteria for geographical allocation, effect of reporting exemption/simplification threshold, sampling design, consistency with tourism physical data, etc.) of the respective collection system for Travel, despite it is being time consuming and it may take taking time to produce improvements, is a rational approach to reduce bilateral (Intra) asymmetries on a scientifically sound basis.**

### 3.3.5.2. Estimates

In the TFT Report, estimates were described as a source with several limitations, notably the unpredictable accuracy of the results produced and the lack of harmonisation in their implementation.<sup>139</sup> Nevertheless, the TFT Report recognised that, as a rule, estimates are always needed, since no combination of 'real' sources is able to provide all the information necessary to compile the Travel item. Among the positive characteristics of estimates, it was mentioned their relatively low cost and their usability to improve the coverage, the periodicity, the detail and/or the timeliness of the statistics.

In describing the present systems,<sup>140</sup> it was noted that estimates are already used by most countries, usually as a supplementary source, but the underlying methods are far from being uniform.

It has been also illustrated that the estimates are often used in the collection systems designed to face the future context. It can be added that the importance of the role of estimates is likely to grow with the new systems, from 2002. The analysis of previous paragraphs has in fact confirmed a certain difficulty ~~to catch in measuring~~ exhaustively the phenomena under investigation through the actual collection of primary data.

The TGT analysed an experience carried out in this respect in ~~in~~-Portugal, with the implementation of an econometric model, aiming ~~at the to explanation explain of the~~ Portuguese BOP Travel receipts.<sup>141</sup> The model describes the role played by the income level of the incoming visitors, the price of domestic tourist products vis-à-vis the prices of tourist products in the country of origins of the visitors and vis-à-vis the prices of the same products in other competitor countries. The model proved to be a tool to outline, in broad terms, the future evolution of the Travel receipts, given that a clear long-term relationship between the latter and the mentioned ~~explaining-explanatory~~ factors was found.

<sup>139</sup> Cf. TFT Report, § 3.3.

<sup>140</sup> Cf. § 2.1 and § 2.3.

<sup>141</sup> Cf. M. M. Raminhos, *Models of receipts from tourism in Portugal: cointegration, dynamic specification and forecast*, 1998. The document is included in TGT - Papers.

The group commented that this type of experience can provide some opportunities to enlarge the range of sources used for verification purposes, since the setting up of well-structured models can allow the use of secondary data in a consistent way.

As a general conclusion, the TGT considered that the improvement of estimation methods, harmonised as much as possible harmonised, should be an important concern for the EU MS. Hence, the need of the circulation of information on methodologies, mentioned in preceding paragraph, is stressed.

## 4. Conclusions

In line with the mandate,<sup>142</sup> the TGT provides in this final part of the report ~~conclusive~~ some concluding remarks, recommendations that are, in particular, addressed to the EU MS and a proposal to the BOP WP for the continuation of the group work.

The discussion that follows fully takes into account the analysis illustrated in the previous sections of this report, based on the information provided to the group by the MS on the following issues:

- a) the present collection systems for Travel;
- b) the present perception of the problems posed to ~~that~~ those systems by the circulation of the euro notes in 2002;
- c) the collection strategies to face the future context devised so far.

Table 7a.b in Annex D, summarises the position of each MS vis-à-vis these aspects.

### 4.1. Final remarks

The TGT formulates the following final remarks. It should be noted that they summarise the positions at an EU level. The individual countries' situations, views and exceptions can be found in previous parts of the report, which are specified in relation to each remark.

#### **REMARK 1 - PRESENT COLLECTION SYSTEMS FOR TRAVEL** (§§ 2.1, 2.2, 2.3, 1.6)

A large majority (eleven countries) of the MS presently adopts a system based on bank reports and credit card data. The remaining countries ~~relies~~ rely on frontier surveys (three MS) or on a combination of a frontier survey with a household survey (one MS). Despite this convergence on a relatively few general approaches, the systems are far from being uniform as regards the use of the supplementary sources. Many different methods are used ~~-and the methods-~~ to adjust and integrate the data. The exchange of data with partner countries, despite it being is ~~unnecessary in~~ principle ~~necessary~~ to complement the systems based on bank reports, is seldom carried out systematically. The systems of some countries seem to fail to produce the 'minimum' detail required for Travel data by both Eurostat and the European Central Bank.

<sup>142</sup> Cf. § 1.3.

**REMARK 2 - RECOGNITION OF THE PROBLEMS POSED BY THE EURO CIRCULATION**

(§ 2.5)

Among the countries currently using systems based on bank reports nearly all of them recognise that the introduction of the euro bank notes in 2002 will involve relevant problems~~significant problems regarding for~~ the accuracy of the results produced, if the present systems are not revised. The problems will consist ~~of~~<sup>in</sup> a significant bias in the measurement of both the net and gross flows and also in the geographical allocation of transactions. The problems are foreseen irrespective of the area (EMU / Extra-EMU) of the compiler country and of the counterpart of the transactions. Consequently, for these countries ~~the possibility~~<sup>their ability</sup> to compile the national balance of payments is seriously threatened. ~~However, On the contrary,~~ the countries at present adopting systems relying on surveys think that the euro circulation will not pose problems for their current systems.

**REMARK 3 - PROBLEMS IN THE NATIONAL PLANNING OF NEW COLLECTION SYSTEMS FOR TRAVEL**

(§§ 3.2, 3.3)

With the exception of the relatively small group of countries already adopting a system relying on surveys, which confirmed their intentions to maintain the current approaches, most MS have only depicted provisional strategies. Moreover, in several cases the strategies are not clearly defined even in their general characteristics, as ~~it~~<sup>is</sup> indirectly indicated by the fact that more than one of the possible options have frequently been indicated as the preferred ones. Finally, the majority of the ten countries for which a new system is required have not yet specified a detailed plan for its implementation.

**REMARK 4 - PREFERRED OPTIONS FOR NEW COLLECTION SYSTEMS FOR TRAVEL**

(§ 3.2)

The MS have expressed the following preferences from among the options suggested by the TGT ~~as their preferred to face the~~ future collection systems, ~~that are listed below~~. The countries already adopting survey based systems are included. Some countries have indicated a preference for more than one option (see Table 4).

- Hybrid system (with or without other options) = 9 countries
- Household survey based system (with other options) = 4 countries
- Frontier based survey system (without other options) = 4 countries
- Credit card based system (with or without other options) = 3 countries

**REMARK 5 - CONFIRMATION OF THE FINDINGS OF THE TASK FORCE "TRAVEL" REPORT**

(§§ 3.1, 3.3.4)

The TGT, in the light of the concrete experiences of the MS, substantially confirms the validity of the findings contained in the TGT Report. In addition to minor revisions, appropriately highlighted in previous parts of the report, the most important innovation is the inclusion of the credit card based system among the suggested options for future collection systems.



**REMARK 6 - PROMISING EXPERIENCES IN THE BILATERAL COMPARISONS ON TRAVEL STATISTICS**

(§ 3.3.5.1.1)

The in-depth bilateral comparison of Travel statistics carried out by some MS represented in the TGT led to a significant reduction of the bilateral asymmetries between the countries participating in the exercise. This experience proves the advantages of the exchange of data and of the sharing of information on methodologies.

**4.2. Recommendations**

In the light of the findings of the group, summarised in the preceding final remarks, the TGT formulates the following recommendations, which are in particular addressed to the EU MS.

**RECOMMENDATION 1 - EARLY START OF THE DESIGN AND THE IMPLEMENTATION OF NATIONAL PLANS**

Taking into account the time that might be needed to implement all the practical requirements, the 2002 deadline appears close enough to suggest an early start of the design and the implementation of national plans *is needed* (see REMARK 3). The start of the process is particularly urgent considering that a sufficiently long period of parallel running of the old and the new systems is highly desirable, to allow ~~the verification of countries to verify~~ the new systems reliability on the basis of the results produced by the existing approaches.

**RECOMMENDATION 2 - CIRCULATION OF THE INFORMATION ON NATIONAL EXPERIENCES IN THE DESIGN AND THE IMPLEMENTATION OF NATIONAL PLANS**

The sharing of experiences in the design and in the implementation of national plans should continue in order to improve the effectiveness of the ~~revision~~ process through a co-operative effort. To this end, the MS should pass the information on national developments to Eurostat, for subsequent dissemination to the other EU countries. The plans should be adequately detailed, with comprehensive information on the characteristics of the sources composing the systems, the strategy foreseen for the integration of sources, the detail and the timeliness of the expected output.

**RECOMMENDATION 3 - SUPPORT OF THE PRACTICES OF EXCHANGE OF TRAVEL DATA WITH PARTNER COUNTRIES**

MS should co-operate in the realisation of more systematic exchanges of data on Travel. In the short term, these practices can help to test and improve the reliability of national statistics and to reduce the bilateral asymmetries (see REMARK 6).

### **4.3. Proposal for the continuation of the work of the Technical Group "Travel"**

The TGT proposes - to the BOP WP - the continuation of its activity in order to:

3. pursue the follow-up of the design and the implementation of national plans for future collection systems for Travel in view of the need to support ~~of~~ the circulation of ~~the~~ information among the MS, in line with the indication given above in RECOMMENDATION 2;
4. further the progress already achieved through the bilateral comparison exercises in improving the quality and reducing the bilateral asymmetries of Travel data (see RECOMMENDATION 3).

To this end, the group could meet with a reduced frequency, providing the BOP WP with a summary report on the progress made.

## **Annexes**

**Annex A. List of abbreviations**

|                   |   |
|-------------------|---|
| <b>AT</b>         | Austria   |
| <b>ATM</b>        | Automated Teller Machine  |
| <b>BE</b>         | Belgium   |
| <b>BOP</b>        | Balance of payments   |
| <b>BOP WP</b>     | Balance of Payments Working Party   |
| <b>BPM5</b>       | IMF, <i>Balance of Payments Manual</i> , Fifth edition, 1993  |
| <b>BRS</b>        | Bank reporting system   |
| <b>CCI</b>        | Credit card issuer  |
| <b>CMFB</b>       | Committee on Monetary, Financial and Balance of Payments Statistics   |
| <b>DE</b>         | Germany   |
| <b>DK</b>         | Denmark   |
| <b>ESCB</b>       | European System of Central Banks  |
| <b>EC</b>         | European Community  |
| <b>ECB</b>        | European Central Bank   |
| <b>EEA</b>        | European Economic Area  |
| <b>EFTA</b>       | European Free Trade Area  |
| <b>EMU</b>        | Economic and Monetary Union   |
| <b>EMU MS</b>     | Member State(s) participating to the single currency area at the beginning of the Stage Three of the Monetary Union               |
| <b>ES</b>         | Spain   |
| <b>EU</b>         | European Union  |
| <b>FI</b>         | Finland   |
| <b>FR</b>         | France  |
| <b>FS</b>         | Frontier survey(s)  |
| <b>HS</b>         | Household survey(s)   |
| <b>GB</b>         | Great Britain   |
| <b>GR</b>         | Greece  |
| <b>IE</b>         | Ireland   |
| <b>IMF</b>        | International Monetary Fund   |
| <b>IPS</b>        | International Passenger Survey (carried out by the UK)  |
| <b>IT</b>         | Italy   |
| <b>LU</b>         | Luxembourg  |
| <b>MS</b>         | Member State(s)   |
| <b>NCBk</b>       | National central bank   |
| <b>NL</b>         | Netherlands   |
| <b>Non-EMU MS</b> | Member State(s) which are not participating to the single currency area at the beginning of the Stage Three of the Monetary Union |
| <b>NSI</b>        | National statistical institute  |
| <b>OECD</b>       | Organisation for Economic Co-operation and Development  |
| <b>ONS</b>        | Office for National Statistics  |
| <b>PT</b>         | Portugal  |
| <b>SE</b>         | Sweden  |
| <b>SNA93</b>      | EUROSTAT-IMF-OECD-UN-World Bank, <i>System of National Accounts</i> , 1993  |
| <b>TF</b>         | Task Force  |
| <b>TFT</b>        | Task Force "Travel" of the BOP Working Party  |
| <b>TG</b>         | Technical Group   |

|            |   |
|------------|---|
| <b>TGT</b> | Technical Group "Travel" of the BOP Working Party |
| <b>UIC</b> | Ufficio Italiano dei Cambi                        |
| <b>WTO</b> | World Tourism Organisation                        |

***Annex B. Executive summary of the Task Force "Travel" Report (January 1997)***

## Chapter 1 - Introduction

- *Why is work in this area being undertaken ?*

Travel is an important component of the EU current account. Collecting data on travel expenditure is extremely difficult due to the large number of transactors and the large number of relatively small transactions.

- *Why traditional measurement systems will no longer be adequate ?*

Travel has been traditionally measured by recording receipts and payments passing through the resident banking system. Recording systems heavily based on settlements (especially note exchanges) are no longer suitable due to political and economic changes. Particularly, the adoption of a single European currency will imply the disappearance, within the EMU area, of the exchanges of national bank notes against foreign notes, which presently constitute an essential component of travel-related transactions.

- *Large absolute asymmetries show that quality problems already exist*

It is already difficult to obtain accurate and comparable statistics with current systems. Large absolute bilateral asymmetries exist between the travel credits, debits and balances of European Member States.

- *What mandate has been given to the Travel Task Force by BOP WP ?*

To prepare proposals regarding the collection of data on travel, with a view to the future context. To define additional sources and indicate how they can complement the BOP source to evaluate the "Travel" item.

- *Bridge gaps between BOP and Tourism concepts*

The Task Force is made up of Balance of Payments and Tourism experts. An approach that spans concepts of the IMF and World Tourism Organisation is adopted.

## Chapter 2 - User needs

- *What are the main requirements of users ?*

|             |   |
|-------------|---|
| Monthly =   | aggregate for EMU and Extra-EMU<br><b>within T+30 days</b>  |
| Quarterly = | EMU and Extra-EMU and level 1<br>by purpose of travel (business and personal)<br><b>within T+3 months</b>         |
| Annual =    | EMU and Extra-EMU and level 3<br>by purpose of travel (business [2] and personal [3])<br><b>within T+6 months</b> |

[2] Expenditure by seasonal and border workers; Other

[3] Health-related; Education-related; Other

- *How were users' needs identified ?*

The following actual and potential users were sent questionnaires asking them to give their needs and a justification of those needs:

- BOP compilers and researchers
- national accounts compilers
- tourism statisticians
- DG XXIII “*Enterprise policy, distributive trades and Tourism*”
- EMI
- World Trade Organisation

- *What are the priorities ?*

A distinction is drawn between short term and long term requirements.

- In the short term, firstly the relatively less ambitious needs expressed by BOP statisticians (compilers and researchers) and secondly the needs of national accounts statisticians.
- In the long term, the more complex needs of tourism statisticians.



## Chapter 3 - Current systems, pros and cons

Pros and cons refer to the present data collection systems for Travel.

- *Bank reporting system*

| Pros [✓]   | Cons [✗]   |
|--|--|
| <ul style="list-style-type: none"> <li>• inexpensive (low marginal cost)</li> <li>• high periodicity</li> <li>• good coverage as census</li> </ul> | <ul style="list-style-type: none"> <li>• non-travel expenditures may be included / travel expenditures may be excluded</li> <li>• geographical allocation bias</li> <li>• difficult to disaggregate (e.g. by purpose of travel)</li> <li>• gross flows may be incorrect</li> </ul> |

- a) *Modes of payment*

defined as travel payments made by traveller to non-resident using

- MP1 foreign bank notes and coins
- MP2 domestic bank notes and coins
- MP3 cheques (traveller and personal cheques)
- MP4 credit cards
- MP5 bank transfers

- b) *Aggregates reported*

4 aggregates reported by banks residing in the compiling economy

- A1 sales and purchases of notes to/from non-bank customers
- A2 sales and purchases of domestic notes to/from non-resident banks
- A3 issuing, sales and cashing of cheques
- A4 bank transfers

2 aggregates collected by non-resident banks

- A5 sales and purchases of domestic notes to/from non-bank customers in banks abroad
- A6 payments through withdrawals/deposit on accounts held with banks abroad by resident non bank customers

- *Survey system*

| Pros [✓]   | Cons [✗]  |
|--|---|
| <ul style="list-style-type: none"> <li>• detailed data</li> <li>• correct timing</li> <li>• correct measurement of gross flows</li> <li>• flexible system</li> </ul> | <ul style="list-style-type: none"> <li>• sample error</li> <li>• high frequency data difficult</li> <li>• cost</li> </ul> |

- Estimates

| Pros [✓]  | Cons [✗]   |
|---|--|
| <ul style="list-style-type: none"> <li>• coverage, periodicity</li> <li>• timeliness</li> <li>• relatively inexpensive</li> </ul> | <ul style="list-style-type: none"> <li>• accuracy difficult to define</li> <li>• need of harmonised and consistent procedures</li> <li>• low comparability of results</li> </ul> |

- Partner country data

| Pros [✓]   | Cons [✗]  |
|--|---|
| <ul style="list-style-type: none"> <li>• only available source for particular transactions (e.g. purchase of foreign notes in banks abroad)</li> <li>• relatively inexpensive</li> </ul> | <ul style="list-style-type: none"> <li>• lack of control on scope, quality, timeliness, periodicity</li> <li>• need harmonisation and co-operation</li> </ul> |

- *Administrative sources*

| Pros [✓]  | Cons [✗]   |
|---|--|
| <ul style="list-style-type: none"> <li>• inexpensive for BOP compilers</li> </ul> | <ul style="list-style-type: none"> <li>• In general, BOP compilers have no control on scope, quality, timeliness, periodicity</li> </ul> |

- *How are supplementary sources presently used ?*

Countries use supplementary sources to overcome the shortcomings of main sources. A number of corrections are given. Corrections from 1 to 5 only apply to data collection systems based on BRSs, whilst corrections 4 and 8 also have an impact on BOP items other than Travel.

1. Correction of the bias in geographical breakdown for international currencies (US Dollars and Deutschmarks)
2. Correction to take into account re-exchanges of bank notes
3. Breakdown by purpose of travel
4. Corrections to exclude border workers earnings and capital transactions from Travel
5. Correction / integration of BRS data through acquisition of data from enterprises financing travel of their employees
6. Corrections by means of exchange of data with partner countries
7. Use of other sources to check the plausibility of the main source results
8. Correction to deduct non-Travel components from package tours
9. Other corrections

## Chapter 4 - Future Context

- *What impact will the new economic climate brought about by stage III of EMU have on the collection of Travel data ?*

At the final phase of EMU stage III (circulation of Euro notes and coins), current BRSs cannot constitute the exclusive or prevailing source for Travel. A single currency will no longer allow the identification of travel expenditure carried out using bank notes (about 50 % of the total). This will be for intra-EMU and for extra-EMU.

### *Intra-EMU*

The substitution of national notes with the EMU single currency will give rise to the impossibility to distinguish intra-EMU cross-border tourism payments from other uses of cash.

### *Extra-EMU*

It will be impossible to allocate the exchanges of Euro notes against extra-EMU notes carried out outside the EMU area to an individual EMU country; moreover, these exchanges may frequently occur in EMU countries other than those in which the notes are actually spent; finally, as the Euro is likely to attain widespread acceptance all around the world, becoming an "international currency", in the longer run additional problems may need to be overcome for the identification of Travel transactions. However, information on exchanges of Euro against extra-EMU notes carried out in EMU countries will be usable.

EMU countries will not be able to compile national Travel BOP on the basis of the notes source. Non-EMU EU countries will have to face difficulties for the geographical allocating of transactions by individual EMU countries.

Nevertheless, information on settlements through other payment instruments (cheques, credit cards, bank transfers) will still be available and usable.

- *What impact will technological changes such as the new payments instruments have ?*
  - if pre-paid cards are centrally cleared then travel expenditure could be obtained (as for credit cards). Otherwise, if settlements are not cleared, serious problems for travel collection will have to be overcome. (Although at this stage it is too early to define pre-paid cards issues, and this area needs to be followed up).
  - if credit cards are used to buy goods and services from abroad through tele-shopping (i.e. for non-Travel transactions) then the quality of credit card data may decrease (assuming that credit card issuers are unable to separate out tele-shopping transactions).
- *What is the impact of the political and legal changes brought by Schengen agreement ?*

Operating frontier surveys, although still feasible in some countries, would face difficulties. Adequate methodologies must be envisaged to solve problems.

- *What effect will the legislation of the Council Directive on tourism statistics have ?*

It will be difficult for BOP compilers to meet requirements using existing Bank Reporting Systems, considering the methodological approach adopted by the Council Directive on tourism statistics.

## Chapter 5 - Proposals for sources

- *What criteria have been applied to the formulation of proposals ?*
- 1. **Cost effectiveness.** MS should be allowed to use the present sources as much as possible, if necessary with some changes at low marginal costs.
- 2. **Gradualness.** MS should be allowed to implement the changeover to the new collection systems through a gradual revision process, as
  - a) the future context is not yet completely defined
  - b) conclusions can not be considered as definitive.
- 3. **Flexibility.** Given structural differences in countries, some options could fit only some MS. Hence, the proposals will contain several options, among which MS are allowed to make a choice, according to their specific situation and preference.
- 4. **Preparation for a compatible system.** The TF proposals should take into account the desirability of a compatible system, in a medium-long term perspective.

- *What are the short term actions to improve existing sources ?*
  - exchange of data using the form proposed by TF2
  - exchange of information on methodologies
- *Options to combine sources in the context of the Euro introduction*

As a conclusion, the TF considers that three options are the most appropriate combination of sources to measure the Travel item in the future context:

OPTION 1 - Frontier survey based system  
 OPTION 2 - Household survey based system  
 OPTION 3 - Hybrid system

- *What is OPTION 1 ? - Frontier survey based system*

Using an inbound-outbound frontier survey (FS) as an almost exclusive source and a surveys of tourist intermediaries as a supplementary source to get information to deduct non-Travel components from package tours expenditures. In principle, for countries using these systems the introduction of the single currency would not pose problems. Nevertheless, frontier survey based systems cannot be suggested as a common methodology for all EU MS, as they are cannot generally be implemented (because of long land borders, cost, etc.)

- *What is OPTION 2 ? - Household survey based system*

These systems adopt household surveys (HS) as the main source. As HS can only provide data on Travel debits, the main source must be necessarily supplemented by other sources to calculate the credit side. The best option appears to be the use of partner country information through an exchange of information between all MS using HS.

A system for EU area countries can be described as follows.

*Intra-EU and extra-EU Travel debits.* Through the HS.

*Intra-EU Travel credits.* They are available by data exchange among EU countries using HS

In order to cover the remaining part, i.e. *extra-EU Travel credits*, several sources may be used. On this respect, the use of one or more of the following sources is suggested:

- a) bank reporting systems, as they will continue to provide information on part of extra-EU Travel;
- b) surveys of travellers at accommodation establishments (limited to travellers not resident in the EU area);
- c) survey of accommodation establishments

The following problems need to be overcome:

- i) sample representativeness;
- ii) cost constraints;
- iii) recall difficulties of respondents.

- *What is OPTION 3 ? - Hybrid system*

With this system, none of the various sources can be considered as the main one. Similarly to HS based systems, household surveys may be used to collect information on both intra-EU and extra-EU Travel debits.

Since no exchange of data is carried out, in this case there is a need to integrate the information resulting from the HS for both intra and extra-EU Travel credits. For this reason, the use of one or more of the following sources is suggested:

- a) survey of travellers at accommodation establishments;
- b) survey of accommodation establishments;
- c) bank reporting system (extra-EU only).

## Chapter 6 - Operational conclusions

Five operational recommendations and three organisational proposals are made.

- *What are the 5 operational recommendations ?*

### **Recommendation 1 - Short-term improvement of existing systems**

MS should implement short-term actions, based on Task Force 2 “Current Account” recommendations, for the improvement of their present systems and a better harmonisation of methodologies. These actions should produce their effects by the end of 1998.

MS should endeavour to realise a complete exchange of information with other EU countries, both on data (expressed in ECU using the Eurostat exchange rates) and on methodologies (including estimations) concerning Travel. Eurostat should publish data and methodologies.

### **Recommendation 2 - Design and implementation of a new system**

MS should:

1. assess the sources and resources available at national level;
2. choose the most appropriate combination of sources;
3. design the future collection system and forward to the Travel TF a report with details on characteristics of the future system and a timetable for its implementation;
4. implement the plan following the timetable mentioned in point 3 above.
5. MS should encourage the exchange of views between BOP compilers and tourism statisticians on methodologies to use to measure Travel in the future context;

### **Recommendation 3 - Options for new systems**

MS should consider the possibility of the adoption of one of the options proposed below.

*OPTION 1 - System based on inbound-outbound frontier surveys*

*OPTION 2 - System based on household surveys*

*OPTION 3 - Hybrid system*

In order to improve the coverage, detail, timeliness and/or periodicity of the results, MS may integrate the systems described with the three options with other supplementary sources (e.g. surveys of credit card issuers, business travel expenditure surveys, estimates, surveys at popular tourist places).

### **Recommendation 4 - Investigation of the feasibility of a system based on the use of surveys of credit card issuers**

MS should investigate the feasibility, in their national context, of a system based on the information held by credit card issuers on cross-border payments by credit card. MS for which this system is feasible could adopt it as a complement to the options described in Recommendation 3.

### **Recommendation 5 - Monitoring of the evolution in the area of prepaid cards**

MS should monitor the progress occurring in their national context of the use of prepaid cards and report that information to the Travel TF as soon as it is available. In supervising

the implementation of prepaid cards schemes in the EU MS, the European Monetary Institute should take into account the possible effects of these schemes on the recording of the Travel item of the BOP and report to the Travel TF.

- *What are the 3 organisational proposals ?*

**Proposal A. Suggested deadline for the implementation of new systems.**

New data collection systems should be in operation by 1 January 2002. However, MS may adapt this deadline taking into consideration the possible date of their adoption of the European single currency.

**Proposal B. Implementation follow-up**

1. each MS should draw up a plan with a description of the future system, both in relation to sources and methodologies, and a timetable for its implementation;
2. the plan should be communicated formally to the Travel TF through a written report by June 1997. The report should be updated whenever the plans are reviewed. The BOP WP would formally review plans for the first time in October 1997 (via a report submitted by Travel TF).
3. subsequently, the MS should periodically inform the Travel TF on the progress of the implementation.
4. the BOP WP should return to MS States comments on their respective plans, particularly concerning possible discrepancies with the recommendation of the TF.

**Proposal C. Continuation of the work of the TF "Travel"**

1. The TF could meet annually to monitor the implementation of new systems, e.g. in mid-1997 and in mid-1998, to analyse the plans of the MS. The outcome of this analysis should be the content of a report addressed to the BOP WP.
2. The TF could carry on with studies and investigations on possible solutions to outstanding methodological issues. Particular priority should be given to the following areas:
  - a) sample design methodologies, especially for the problems involved with household surveys;
  - b) possibility of harmonised estimation procedures;
  - c) feasibility and suitability of systems based on credit card information.



***Annex C. Consultation on national plans to collect Travel Statistics at EMU  
Stage Three – Summary of the answers of EU countries***

The annex is a revised version of the TGT document, *Consultation on national plans to collect Travel Statistics at EMU Stage III – Summary of the answers – EU countries - Draft*, May 1999 – update September 1999, distributed at the October 1999 BOP WP meeting as doc. BP/99/21/E.

The revision concerns both the amendments needed to clear some inconsistencies in the first answers given by MS and further details or changes in relation to national situations, views and plans for which information has been obtained after the issuing of the above mentioned document.

***Questionnaire  
on national plans to collect Travel statistics  
at EMU stage III***

EU countries consulted and answers received<sup>143</sup>

| Country               | Answer |
|-----------------------|--------|
| Austria               | ✓      |
| Belgium               | ✓      |
| Finland               | ✓      |
| France                | ✓      |
| Germany               | ✓      |
| Ireland               | ✓      |
| Italy                 | ✓      |
| Luxembourg            | ✓      |
| Netherlands           | ✓      |
| Portugal              | ✓      |
| Spain                 | ✓      |
| Denmark               | ✓      |
| Greece <sup>144</sup> |        |
| Sweden                | ✓      |
| United Kingdom        | ✓      |

*In this annex countries are referred with the abbreviations listed in footnote 1.*

<sup>143</sup> The following Candidate Countries have been also consulted and replied to the questionnaire: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia, Slovenia. However, as already mentioned (cf. footnote 18), the summary of their answers is not included in this report.

<sup>144</sup> Greece did not answer to the written consultation. In relation to this country, this summary contains – in italic characters - some general information provided through a short informal note by the National Accounts Division of the National Statistical Service of Greece. The note has been used to (partially) answer the following questions: A.1, A.2.a, A.5.f, B.1, C.2, C.3, C.4.

## A. Present collection system for Travel

### Question A.1

In order to schematically describe your present collection system for Travel fill in the table below by indicating the prevailing usage of each individual type of source, separately for the credits and the debits side. For each source and BOP side tick (X) only one of the three options. If necessary, more than one main source can be indicated.

| TYPE OF SOURCE |  | Usage                                |                      |                       |                                      |                      |                            |
|----------------|--|--------------------------------------|----------------------|-----------------------|--------------------------------------|----------------------|----------------------------|
|                |  | TRAVEL CREDITS                       |                      |                       | TRAVEL DEBITS                        |                      |                            |
| Source code    | Source description                                       | Main source                          | Supplementary source | Used for verification | Main source                          | Supplementary source | Used for verification      |
| S1             | Bank reporting system (excluding credit card data)       | DE,FR,NL, BE,LU,DK, ES,AT,PT, SE, GR |                      | IT                    | DE,FR,NL, BE,LU,DK, ES,AT,PT, SE, GR |                      | IT                         |
| S2             | Credit card data (from banks)                            | BE,DK,ES, PT                         | AT                   | IT,LU                 | BE,DK,ES, PT                         | AT                   | IT,LU                      |
| S3             | Credit card data (from credit card issuers)              | DE,FR,NL, LU,DK,ES, AT,PT,SE, GR     |                      | IT,FI                 | DE,FR,NL, LU,DK,ES, AT,PT,SE, GR     |                      | IT,FI                      |
| S4             | Frontier surveys   | IT, IE,FI, GB                        |                      | PT                    | IT, IE, GB                           |                      |                            |
| S5             | Household surveys  |                                      |                      |                       | FI                                   | SE                   | IT <sup>3</sup> ,NL,LU, AT |
| S6             | Surveys of travellers at accommodation establishments    |                                      | DK                   | DE,FR,NL, PT          |                                      |                      |                            |
| S7             | Surveys of tourist providers (e.g. hotels)               |                                      |                      | IT,FI,PT              |                                      |                      |                            |
| S8             | Surveys of tourist intermediaries (e.g. travel agencies) |                                      | IT,DK                |                       |                                      | IT,DK                |                            |
| S9             | Partner country data                                     |                                      | DE,AT,SE, GB         | FR,IT,PT              |                                      | DE,AT,SE, GB         | FR,IT,PT                   |
| S10            | Estimates and models                                     | BE                                   | DE,FR,DK, AT,PT,SE   | IT,LU                 | BE                                   | DE,FR,DK, AT,PT,SE   | IT,LU                      |
| S11            | Administrative sources                                   | LU                                   |                      | IE,AT,FI              | LU                                   |                      | FI                         |
| S12            | Other sources (specify)                                  | DE,NL,LU, IE                         |                      | LU <sup>1</sup>       | DE,NL,LU, IE                         |                      | FI                         |

## Further remarks

- AT - S1 - Bank reporting includes Eurocheques from clearing agency  
 S10 - Estimates for "Sales and purchases of domestic notes to / from non-bank customers in banks abroad (A5)" in those cases, where partner country data are not available; Estimates for re-exchange of banknotes; Estimates for workers' remittances; Estimates for compensation of (border) workers.  
 S11 - Nights spent in accommodation
- BE - The basic collection system is the same for Belgium and Luxembourg (Belgian-Luxembourg Economic Union). We describe this basic system in this questionnaire; it coincides completely with the Belgian system.  
 Luxembourg however has some additional sources. This is the reason why this questionnaire should be considered as the Belgian (not BLEU) answer.  
 S1 includes exchange of bank notes and bank transfers  
 S2 includes data on Eurocheques and Traveller's cheques  
 S10 concerns the part of bank notes that is allocated to tourism and estimates concerning amounts below the simplification threshold
- DE - S1 includes both exchange of foreign bank notes and bank transfers (e.g. by travel agencies)  
 S12 - Data on Eurocheques and Eurocheque debit cards (from clearing agency).
- DK - S6 cf. Quest. A.6
- ES - S1 - Includes both exchange of foreign notes and bank transfers (travel agencies and others). Also includes share of transactions reported below the threshold.  
 S2 - Includes gross figures and full geographical breakdown.  
 S3 - Includes transactions reported by clearing companies and credit card issuers settled through their accounts held in foreign banks.
- FI - Until the end of 1998 the main source of travel credits and debits was bank reporting system by adding up various travel exchange items compiled by the Bank of Finland:  
 Travel services and travellers' personal purchases of merchandise  
 Purchases and sales of markka bank notes between domestic and foreign banks  
 Purchases and sales of travel exchange  
 Use of credit and charge cards  
 Studies abroad, study loans, courses and conferences abroad  
 Health and medical care  
 Since the beginning of 1999 the bank reporting system was abandoned and replaced by travel surveys.  
 S12 - Statistics on International flights; Statistics on International passenger transport by sea.
- FR - S10 - Estimates and models are used for key items estimates and medium term forecasting (within the econometric model of Bank of France).
- GB - S9 - The UK currently uses partner country data from Ireland to supplement the IPS frontier survey data. The IPS is being expanded from April 1999 to cover routes to and from Ireland  
 GR - By the adoption of the new system ESA 95, the years 1995-1998 have been revised.
- IE - The 'Travel' statistics compiled by CSO are largely survey based and are collected and processed by the Tourism and Travel Section. The relevant BOP information is supplied to BOP Section.  
 S5, S6 and S7 - Sources are being implemented at present. Results to be compiled in 1999.  
 S11 - i.e. Irish Tourism Board  
 S12 - Airport administration enterprise and sea transport enterprises
- IT - S5 - ISTAT household survey on domestic and outbound tourism (physical flows and expenditures).  
 S7 - ISTAT data on stays of non resident tourists in collective accommodation establishments (physical flows).  
 S8 - Data from a sample of resident tour operators and travel agencies on average international air fares, used to estimate the international transportation expenditures to be deducted from Travel (see below Question A.6).
- LU - S5 - According to answer C.5. *The overall results are used for verification of partial BOP debit figures (not credits)*  
 S11 - Health/Education  
 S12 - Debit card data (from clearing agency)  
 S12 - LU<sup>1</sup> - Survey of cross border workers
- NL - S12 - Data on Eurocheques and debit cards (from clearing agency)
- PT - S1 includes both tourism settlements from bank accounts abroad and clearing operations (e.g. performed by travel agencies). S4 (inbound frontier survey) and S7 (survey of accommodation establishments) provide information used as an input for source S10 (estimates and models).
- SE - S1 includes both exchanges of bank notes/cheques and bank transfers (e.g. by bank customers, travel agencies).  
 S5 - A household survey is conducted in order to estimate (on debit side only):  
 - the purpose of travel, business or personal,  
 - geographical breakdown of the Travel item.  
 S9 - Exchange of information with some OECD countries regarding domestic notes purchased and sold in non-resident banks.  
 S10 - Estimates and models to correct:  
 - charter tourist payments from Nordic travel agencies. The payments are sent to the travel destination through Swedish travel agencies bank accounts, which leads to a bias in the gross flow and the

geographical breakdown of the Swedish Travel item. The credit and debit side are corrected and the bank transfers are allocated with the assumption that the travel patterns are similar to Sweden's;

- directly imported cars from Germany for personal use (as recommended by the IMF BPM5),
- a monthly estimate regarding small payment items;
- the lack of partner country information from some OECD countries;
- USD bias (on credit side only).

**Question A.2**

Provide the following general information on the output produced by your present collection system

**a. Are 'international passenger transportation' expenditures excluded from Travel?**

Yes- DE, FR, IT, NL (unless included in package deal), BE (there might be some non-travel components included in package tours), LU, DK, ES, IE (credits), AT (starting in 1997- there might be some non-travel components included in package tours), PT, SE, GB, FI, GR (but passenger transportation is not excluded in the case of package tours)

No - IE (debits)

**b. Which breakdown by purpose of travel does your system provide?**

No breakdown by purpose- DE, FR\*, DK, ES, AT\*, PT

IMF standard components (Business / Personal) -

NL\* (based on National Accounts estimates), FI, SE (debits only)

- IMF standard components plus supplementary items (indicated below) - IT, BE, LU, IE, GB

Business - Seasonal and border workers - IT, GB

Personal - Health-related - IT, GB, BE, LU

Personal - Education-related - IT, GB, BE, LU, IE

AT\* - split (Business / Personal) will be made based on HH survey (from 1998 - debits only)

FR\* - split (Business / Personal) will be provided in 1999-2000

**c. Frequency and level of geographical breakdown of data published**

(indicate the Eurostat BOP Vademecum –Aug– 1997- levels of geographical breakdown which approximately correspond, for each data frequency)

| Monthly data                                     | Quarterly data                     | Annual data                        |
|--|------------------------------------|------------------------------------|
| No data - IE                                     | No data                            | No data                            |
| No geo breakdown- DE, FR, DK, ES, FI, SE*, GB*   | No geo breakdown - DK, SE*         | No geo breakdown - DK, SE*         |
| Level 0  | Level 0 - IE(±)                    | Level 0 - IE(±)                    |
| Level 1 - IT, AT                                 | Level 1 - ES, IE(part), FI         | Level 1 - ES, IE(part)             |
| Level 2 - NL, PT, SE**                           | Level 2 - DE, FR, NL, PT, SE**, GB | Level 2 - DE, FR, NL, PT, FI, SE** |
| Level 3  | Level 3 - IT, AT                   | Level 3                            |
| Level 4 - BE (not published), LU (not published) | Level 4 - BE, LU                   | Level 4 - IT, BE, LU, AT, GB       |

GB\* - will supply Intra/Extra EMU from June 1999

SE\* - data published

SE\*\* - data reported to Eurostat and on request from other actors (IMF etc.)

**Question A.3** [ONLY FOR COUNTRIES USING A BANK REPORTING SYSTEM (S1) AS A MAIN OR SUPPLEMENTARY SOURCE]

Specify which of the following aggregates (A1-A4) your bank reporting system covers and the criteria used to allocate the transactions geographically. For aggregates A5-A6 indicate if they are taken from the bank reporting system of partner country. The aggregates are defined in TFT Report § 3.1.2.

| Aggregate   | Yes                            | No                    | Geographical allocation principle<br>(e.g. country issuing the currency, country of residence of non resident traveller, country of destination of the resident traveller, country of residence of non resident bank, etc.)  |
|---|--------------------------------|-----------------------|--|
| A1. Sales and purchases of notes to / from non-bank customers   | DE,FR,NL,DK,ES,AT,PT,SE        | BE*,LU *              | <a href="#">FR,NL,DK,AT</a> - Country issuing the currency<br><a href="#">DE,PT,SE</a> - Country issuing the currency, with some corrections (SE-D*: SE-C Correction for USD bias; PT - Correction for USD, DEM and ESP)<br><a href="#">ES</a> -Country of destination of resident traveller for sales of foreign notes above the threshold; no geographical breakdown for the rest of purchases/sales to resident/non resident. This is estimated using the <a href="#">geographical allocation existing in the bank transfer data</a>  |
| A2. Sales and purchases of domestic notes to / from non-resident banks (shipments of banknotes between resident and non resident banks) | DE,FR,NL,BE,LU,DK,ES,AT,PT, SE |                       | <a href="#">DE</a> - Only for a small number of non-European countries<br><a href="#">FR</a> - Country of residence of the non-resident bank, with a correction for Switzerland, because of the banknotes wholesale market in Zurich.<br><a href="#">NL,ES,PT, BE,LU</a> – Country of residence of non-resident bank (BE,LU also available : country issuing the currency)<br><a href="#">DK</a> - Country of residence of non-resident traveller<br><a href="#">AT</a> - Transactor country; afterwards replaced by partner country information (A5) or estimates, where partner country information is not available<br><a href="#">SE</a> – C&D* Country buying/selling SEK             |
| A3. Issuing, sales and cashing of cheques   | DE,FR,NL,BE,LU,DK,ES,AT,PT, SE |                       | <a href="#">DE, SE (C&amp;D*)</a> - Cheques denominated in foreign currency: country issuing the currency<br><a href="#">DE</a> - Cheques denominated in DM: country of destination<br><a href="#">FR, NL, BE,LU</a> – Residence of non-resident bank (BE,LU also available : country issuing the currency)<br><a href="#">DK</a> - Country issuing the currency<br><a href="#">ES</a> - Country issuing the cheques, and country of destination of traveller, for amounts above the thresholds<br><a href="#">AT</a> – Clearing house information on gross flows<br><a href="#">PT</a> – Country of destination/origin of the traveller   |
| A4. Bank transfers  | DE,FR,NL,BE,LU,DK,ES,AT,PT, SE |                       | <a href="#">DE,FR,NL,ES,PT,SE (C&amp;D*)</a> , <a href="#">AT*</a> – Residence of non-resident sender/recipient of transfer. SE-estimate of geo break. For small payment items. SE (C)– correction for charter tourism transfers (see Question A.1)<br><a href="#">BE,LU</a> – Country of residence of the non-resident bank<br><a href="#">DK</a> - Country issuing the currency  |
| A5. Sales and purchases of domestic notes to / from non-bank customers in banks abroad  | DE,AT,SE                       | FR,NL,BE,LU,DK,ES, PT | <a href="#">DE</a> - For some European countries through exchange of data; for other European countries through estimates (see Questions A5c, A7)<br><a href="#">SE (C&amp;D*)</a> - For some OECD countries through exchange of data (see Question A7) and an estimate for some OECD countries due to lack of accurate data<br><a href="#">FR</a> - The use of this aggregate in our collection system is under study.<br><a href="#">AT</a> – By partner country   |
| A6. Payments through withdrawals / deposit on accounts held with banks abroad by resident non-bank customers                            | NL,DK,ES,FR,PT                 | DE, BE,LU,AT, SE      | <a href="#">NL</a> – Residence of non-resident counterpart<br><a href="#">DK</a> - Country issuing the currency<br><a href="#">ES</a> - Country declared by the resident holding the account (for amounts above the threshold) or country where the account is held for amounts below the threshold<br><a href="#">FR*,PT</a> - Country of residence of non-resident banks <a href="#">FR</a> - Through direct reporting of resident households<br><a href="#">AT, SE</a> - The exclusion is due to high threshold levels for reporting on accounts held abroad (SE - threshold = annual turnover of at least 11 009 000 ECU; <a href="#">AT</a> - the aggregate is probably not relevant) |

AT\* - Transactor/counterpart country (not settlement), i.e. country of residency of the institution/person who pays or receives the money even through a third country bank

BE\*,LU\* - Sales of notes - over the counter - are not covered in the reporting country by the banking reporting system.

SE-D\* - On debit side the allocation is corrected with the results from a household survey, i.e. the geographical allocation principle is the country of destination of the resident traveller. Note that once a year the results from the household survey is "updated" with information from the bank reporting system and the credit card data system.

**Question A.4** [ONLY FOR COUNTRIES USING A BANK REPORTING SYSTEM (S1) AS A MAIN OR SUPPLEMENTARY SOURCE]

*Are any exemption/simplification thresholds applied for reporting?*

Yes - DE, NL, BE, LU, DK, ES, AT, SE

No - FR, PT

If Yes, give the following information:

- Threshold (amount in ECU)

AT - simplification, 5500 Euro/transaction from 1999 onwards

BE - 8676

DE - 2 500 approximately (exemption threshold)

DK - 8000 (approx)

ES - 3000 (simplification) for individual transactions. For transactions of private individual foreign account holders,; a) turnover of less than 60000 ecus, exempted from reporting; b) monthly turnover of less of 300000 ecus, only annual declaration c) annual turnover of less than 600000 ecus, simplification threshold

LU - 9000 (since 1995)

NL - EUR 45 378 (bank transfers); EUR 11 345 (sales/purchases of notes)

SE - exemption ± 8 250 ECU

- Type(s) of transactions to which the exemption/simplification applies (e.g. bank transfers)

DE, BE, LU, DK, SE - bank transfers only

AT - for bank transfers below threshold: no purpose of payment and no regional breakdown avail. For exchange of banknotes < 5500: TRAVEL is the default purpose for sale/purchase

ES - all transactions

NL - bank transfers and sales/purchases of bank notes

- If any correction/imputation is made to take into account the exemption/simplification in compiling the Travel item, specify them below

DE, DK - no correction

AT - small bank transfers distributed by purpose according to historical proportions

BE - Amounts below the simplification threshold are allocated to different BOP-items. The repartition key (percentages) is based on 1992-1994 information, when the threshold was virtually non-existent.

ES - Purchases and sales of foreign notes below the threshold (3000) are fully allocated to Travel. A share of the rest of transactions below this threshold is imputed to Travel item according to the distribution by item of transactions between 3000 and 6000 ecus. The 600000 threshold is apportioned following similar criteria.

NL - Bank transfers:

below EUR 11,345: 0.46% of lump sum credit=travel income and 0.876% of lump sum debit=travel expenses;

between EUR 11,345 and EUR 45,378 : 0.5% of lump sum credit =travel income and 1.123% of lump sum debit =travel expenses.

*Sales/purchases of bank notes*: 100% of lump sum credit/debit=travel income/expenses

LU - Transactions below the threshold are estimated by recourse to the historical series established before the introduction of the threshold.

SE - See Question A.1; further remarks



**Question A.5** [ONLY FOR COUNTRIES USING A BANK REPORTING SYSTEM (S1) AS A MAIN OR SUPPLEMENTARY SOURCE]

If the basic bank reporting system data are (further) corrected/integrated, please provide a brief description of the way you realise it (see TF report § 3.6)

- a. correction of the bias in geographical breakdown for ‘international’ currencies (e.g. USD, DEM)

FR, AT, NL, DK – No

BE, LU – This correction is not considered necessary as the information on the counterpart country is available

DE - USD: debits: correction based on number of travellers departing by airplane; credits: correction based on number of nights spent in hotels; revision of USD reallocation method under study

ES - Not necessary in the Spanish system because they do not use the country of currency in the geographical allocation of foreign bank notes but the distribution of other transactions under the travel heading as an indicator

PT - USD credits/debits: correction based on the number of tourists and the number of nights spent

SE - Correction of USD bias, on credit side only. On debit side the allocation is corrected with the results from a household survey

- b. correction to take into account the re-exchange of unused foreign bank notes after journey

FR, NL, BE, LU, PT – No

AT - Yes: 6% for Germany (cash), 1% otherwise (cash), based on survey results. Austria is expecting more information from the HH survey (quarterly data)

DE - countries with a common border: 10 % for cash; countries with no common border: 2 % for cash

DK - Yes (*no description*)

ES - In the case of transactions in foreign bank notes with non residents we register the amount of sales minus purchases as credits in Travel

SE - No correction is made at present. According to survey results repurchases amount to approximately 3 percent of Sweden’s total travel expenditure

- c. inclusion of compiling country’s notes exchanged in partner country (e.g. by exchange of data)

BE, LU, ES, DK, PT (see S9 in Question A.1) – No

AT - Yes, and/or estimates, where information not available

DE - 1. exchange of data for some European countries (see Question A.7); 2. estimation based on 1.) for the other European countries; 3. shipments of German banknotes to and from some non-European countries

FR – Not for the moment

NL – the shipment of domestic bank notes from non-resident banks to resident banks is reported as travel as part of the *Joro* account reports; an adjustment is made for the shipment of thousand guilder notes that are considered as investment money (financial account)

SE - Correction of the gross flows concerning domestic notes purchased and sold in some OECD countries:

- exchange of information with partner countries (NL, AT, PT, IT, FR, ES, DE, DK and NO)
- estimates of domestic notes purchased and sold in some OECD countries that does not participate in partner country data exchange (BE, CH, CY, GB, GR, FI and US)

d. correction to exclude border workers earnings and/or workers' remittances from Travel

**BE, LU, ES, NL,PT,SE – None**

**AT - CREDIT: Border workers (estimate by an independent research institute)**

**DEBIT: Workers' remittances (extrapolation of survey results)**

**DE - 20 % of net earnings of border workers (net earnings are estimated by the Statistical Office); no correction for workers' remittances**

**DK - Yes (no description)**

**FR - Correction relating to shipments of banknotes between resident and non resident banks**

e. correction to exclude capital transactions from Travel

**BE, LU, ES, FR, PT, SE – None**

**AT – Only occasionally, if indicated by unusual banknote shipments**

**DE - summary corrections for some neighbouring countries**

**DK - Yes (no description)**

**NL - 1. the type of transaction has to be reported on a declaration form for the sale/purchase of foreign bank notes above the threshold (EUR 11.345) to be able to exclude non-travel items;**

**2. adjustment for the return of thousand guilder notes (see A5 sub c);**

**3. cash withdrawals from non-resident accounts with resident banks are considered as investment money (financial account)**

f. deduction of non-Travel components from package tours (international passenger transportation and travel agencies/tour operator fees)

**AT, BE,LU, NL, GR – No adjustment**

**DE, PT, SE - not necessary (non-Travel components are separated from the Travel item in the bank reporting system)**

**DK - Yes (no description)**

**ES – No corrections are made. In most cases this happens automatically in the process of payments**

**FR - Not necessary, because international transportation is in principle excluded**

g. other corrections/integrations.

**DK, NL – No**

**PT - Correction to exclude “merchandise” payments (used cars) from Travel debits, based on the number of vehicles purchased and on the average prices (given by the Official entity responsible for the registration of cars in Portugal)**

**SE - A monthly estimate regarding small payment items in the Travel item. Correction for charter tourist payments from other Nordic countries and direct import of cars from Germany (see answer to Question A1)**

**Question A.6** [ONLY FOR COUNTRIES USING SURVEYS (S4-S8) AS A MAIN OR SUPPLEMENTARY SOURCE]

*For each survey used give the following details (one page per survey - use additional sheets if needed)*

**a. Organisation responsible**

DK - The Danish Tourist Board

FI(1) – Statistics Finland

FI(2) – Statistics Finland/Finnish Tourist Board (financier)

GB - Office for National Statistics (ONS)

IE(1), IE(2) - Central Statistics Office

IT(1), IT(2) - Ufficio Italiano dei Cambi.

SE - Statistics Sweden

**b. Name of the survey**

DK - Estimation of the economic impact of tourism in Denmark - on a national and regional level

FI(1) – Finnish Travel Survey

FI(2) – Finnish Border Survey.

GB - International Passenger Survey (IPS)

IE(1) - Passenger Card Inquiry

IE(2) - Country of Residence Survey

IT(1) - Frontier survey on international tourism.

IT(2) - Survey of tour operators and travel agencies on average international transportation fares (supplementary source that supports the ‘frontier survey on international tourism’)

SE - Travel Item survey 1999-2000

**c. Type of survey**

S4 Frontier survey - IT(1), IE(1), IE(2), FI(2), GB

S5 Household survey - FI(1), SE

S6 Survey of travellers at accommodation establishments - DK

S7 Survey of tourist providers

S8 survey of tourist intermediaries - IT(2)

Other (specify)

**d. Direction**

Inbound (Travel credits) - IT(2), DK, FI(2)

outbound (Travel debits) - IT(2), FI(1), SE

Inbound and outbound - IT(1), IE(1), IE(2), GB

IT(2) - Only resident tour operators and travel agencies are sampled but information is used for both sides of BOP (credits and debits)

**e. Data collection method**

face-to-face interviews - IT(1), DK, IE(2), FI(2), GB

telephone interviews - FI(1), SE

postal questionnaire - IT(2)

other (specify) - IE(1)

IE(1) - Passengers selected for survey requested to complete forms and leave them for collection

**f. Sample size**

DK – 30,000

FI(1) – 4 X 2,100

FI(2) – 15,000

GB – 250 000 per annum

IE(1) - INWARDS: approx. 200,000 OUTWARDS: approx 220,000

IE(2) - INWARDS: approx. 225,000 OUTWARDS: approx 270,000

IT(1) - 130,000 annual interviews + 1,500,000 counting operations

IT(2) – 7 major Italian tour operator and travel agencies

SE - A random sample, resulting in approximately 24 000 telephone interviews (2 000 interviews per month).

**g. Beginning of data collection (year)**

DK – 1996

FI(1) – 1991

FI(2) – 1998

GB - 1961

IE(1), IE(2) – 1980 (approx)

IT(1), IT(2) – 1996

SE – 1999

**h. Frequency of data collection**

continuously - IT(1), IE(1), IE(2), FI(2), GB

monthly

quarterly - FI(1)

half-yearly

yearly – IT(2), DK

other (specify) – SE

SE - Continuously during a 12-month period (September 1999 - August 2000). Monthly and quarterly reports will be thoroughly analysed.

**i. (Maximum) frequency of data published**

monthly - IT(1), IT(2), GB

quarterly - IE(1), IE(2), FI(1)

half-yearly – FI(2)

yearly - DK

other (specify) – SE (see Question A.6. I.)

**j. Level of geographical breakdown of data published**

(indicate the Eurostat BOP Vademecum -Aug. 1997- levels of geographical breakdown which approximately correspond, for each data frequency – see previous point)

| Maximum frequency  | Annual data                     |
|--|---------------------------------|
| Level 0 - IE(1&2) (approx), SE*  | Level 0 - IE(1&2) (approx), SE* |
| Level 1 - IT(1), IT(2), IE(1&2) (part), FI(1), FI(2)   | Level 1 - IE(1&2) (part)        |
| Level 2 - DK, SE**   | Level 2 - FI(1), FI(2), SE**    |
| Level 3  | Level 3                         |
| Level 4  | Level 4 - IT(1), IT(2), GB      |
| GB - No (monthly) geog. data is currently available although they are looking to produce such estimates to meet ECB requirements |                                 |

SE\* = data published; SE\*\* = data reported to Eurostat and on request from other actors (IMF etc.)

**k. Type of data provided by the survey**

expenditure data (with or without physical data) - IT(1), IT(2), DK, IE(1), FI(1), FI(2), SE, GB

physical data only (e.g. number of night stays, number of visitors) - IE(2)

If the survey only produces physical data, explain below how the conversion to expenditure data is carried out (e.g. estimation procedure)

IE(2) - Country of residence data used to provide a geographical breakdown of inward travel expenditure (BOP credits) from Passenger Survey results

**l. Time span between reference period and availability of provisional data (months)**

DK - 6 months

FI(1) - 2.5 months

FI(2) - 4/5 months

GB - 1.5 months

IE(1), IE(2) - 4 months

IT(1), IT(2) - 1 month

SE - At present the Travel item is allocated according to the results of the previous Household survey. Note that once a year the results from the household survey is "updated" with information from the bank reporting system and the credit card data system. The results of the new survey will be used when the survey is completed in August, year 2000.

**m. Main deviations from definitions of IMF BPM5 (e.g. purpose of travel, inclusion of same-day visitors, international transportation expenditure).**

DK - No deviation from definition, but use demand driven regional economic model to calculate economic key figures (instead of satellite account estimation)

FI(1) - The sample size is too small to collect information on health-related and education-related trips. Trips of seasonal and border workers are not included. The statistical unit is individual not a household, and the reference population is limited to persons aged 15-74 years, thus the trips of those under 15 and over 74 years are excluded. The maximum length of trips included is 3 months.

FI(2) - The maximum length of all trips is limited to 12 months, concerning also health-related and education-related trips. Trips of seasonal and border workers are not included.

GB - None

IE(1) - passenger transportation fares paid to non-resident carriers included indistinguishably under 'travel' (debits)

IE(2) - None

IT(1) - No relevant deviation - For international transportation expenditures see description of survey IT(2).

SE - The purpose of travel is divided into two categories, business and personal. There is no supplementary information about educational or health related expenditures. The survey includes same-day visitors but the item is not separately accounted for. The international transportation expenditures are excluded from the survey results.

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FURTHER REMARKS

**IT(2)**

This survey is used to integrate the frontier survey data. It allows to estimate the imputed value of international transportation expenditures of respondents who were not able to provide this specific information at the time of the interview at borders.

**Question A.7** [ONLY FOR COUNTRIES USING PARTNER COUNTRY DATA (S9)]

Provide below the partner countries' names, the periodicity of the exchange and the type of data exchanged

| <i>Compiling country</i> | <i>Partner country</i>                 | <i>Periodicity</i> | <i>Type of Travel data exchanged</i>  |
|--------------------------|--|--------------------|---|
| <b>DE</b>                | AT, DK, FR, GR NL, Norway, ES, SE      | Monthly            | compiling country's notes exchanged in partner country  |
|                          | PT                                     | Quarterly          | compiling country's notes exchanged in partner country  |
|                          | IT                                     | Quarterly          | global bilateral figures  |
| <b>FR</b>                | ES, SE, AT, IT, DE                     | Monthly            | compiling country's notes exchanged in partner country  |
|                          | PT                                     | Quarterly          | compiling country's notes exchanged in partner country  |
| <b>IT</b>                | AT, FR                                 | Not regularly      | bilateral figures broken down by means of payment   |
|                          | DE                                     | Quarterly          | global bilateral figures  |
|                          | ES                                     | Not regularly      | Data on physical flows (visitors, nights spent) exchanged with Instituto de Estudios Turisticos   |
| <b>AT</b>                | DE, ES, Slovenia                       | (bi-) Monthly      | compiling country's notes exchanged in partner country  |
|                          | NL, SE, DK                             | Quarterly          | compiling country's notes exchanged in partner country  |
|                          | IT, Norway, PT                         | Yearly             | compiling country's notes exchanged in partner country  |
|                          | FR, Croatia                            | Not regularly      |   |
| <b>SE</b>                | NL, AT, PT, IT, FR, ES, DE, DK, Norway | Monthly            | compiling country's notes exchanged in partner country  |
| <b>GB</b>                | IE                                     | Yearly             | Irish CSO supply the following: split of travel by country of residence, mode of travel and purpose; average length of stay; expenditure by mode. |

## Further remarks

**GB** - In addition, Eurostat asymmetry data are used for validation purposes.

**SE** - Estimates of domestic notes purchased and sold in some OECD countries that does not participate in partner country data exchange (BE, CH, CY, GB, GR, FI and US)

## B. Problems involved by the Euro

In the following, unless differently stated, with the term of 'Euro introduction' we refer to the situation of the year 2002 (start of Euro notes and coins circulation).

### Question B.1

Summarize below the effects on Travel compiling that your country would have to face if your present collection system were maintained unchanged from year 2002 (see TFT Report § 4.1.1).

| FOR TRAVEL TRANSACTIONS OF YOUR COUNTRY VIS-À-VIS  |   |   |
|--|---|---|
| EMU (EUR11) COUNTRIES  | EU-NON-EMU COUNTRIES  | EXTRA-EU COUNTRIES  |
| - gaps/bias in net flows<br><b>DE,FR,NL,LU,ES*,PT,SE*</b>  | - gaps/bias in net flows<br><b>DE,FR,NL,LU,ES*,PT,SE*</b>   | - gaps/bias in net flows<br><b>DE,FR,NL,LU,ES*,PT,SE*</b>         |
| - gaps/bias in gross flows<br><b>DE,FR,NL,LU,ES*,AT,PT,SE*</b>   | - gaps/bias in gross flows<br><b>DE,FR,NL,LU,ES*,AT,PT,SE*</b>  | - gaps/bias in gross flows<br><b>DE,FR,NL,LU,ES*,AT,PT,SE*</b>    |
| - geographical allocation bias<br><b>FR,LU,ES*,AT,PT,SE</b>  | - geographical allocation bias<br><b>DE,FR,NL,LU,ES*,AT,PT,SE</b>   | - geographical allocation bias<br><b>DE,FR,NL,LU,ES*,AT,PT,SE</b> |
| - no (relevant) problems<br><b>IT,DK*,IE*,GB,FI*</b>   | - no (relevant) problems<br><b>IT, DK*,IE*,GB,FI*</b>   | - no (relevant) problems<br><b>IT, DK*,IE*,GB,FI*</b>             |
| - other (specify)  | - other (specify)   | - other (specify)   |
| <b>FR</b> - NO MORE DATA EXCEPT FOR CHEQUES AND BANK TRANSFERS TRANSACTIONS.<br><b>BE</b> - NOTE SOURCE (QUESTION B.2) | <b>FR</b> - DATA BIASED IN THE CASE OF TRIPS OF EXTRA- EMU RESIDENTS IN SEVERAL EMU COUNTRIES<br><b>BE</b> - NOTE SOURCE (QUESTION B.2) | <b>BE</b> - NOTE SOURCE (QUESTION B.2)                            |

*FI\** - Finland has not actually answered this question but it can be supposed that 'no (relevant) problem' is the implicit option, as the country adopts a frontier survey + household survey system.

*GR* - The euro introduction in 2002 is expected to involve the need to change the existing collection system, especially for Intra Travel.

### Further remarks

**ES\*** - For the time being it is not clear what kind of information about movements of euro notes will be available in the future to help the compilers minimise the problems.

**SE\*** - The answer to Question B.1 is valid whether Sweden is, or is not, a member of the EMU from year 2002. Please, note that if Sweden is not a member of the EMU there will not be gaps/bias in the global gross flows. Exchange of information between countries within the EMU regarding purchased and sold domestic notes to/from non-resident banks will not be possible since the countries are going to have the same currency, Euro. Possible solutions are:

- estimates for net and gross flows,
- exchange of mirror statistics.

There is also going to be a problem with EU-NON-EMU and EXTRA-EU countries who purchase and sell Euro notes (see answer Question C.4). The problem can be compared with USD bias

**IE\*** - No problems of the type listed above are envisaged under the survey system being operated either in its present form or with the modifications and expansions planned.

**DK\*** - Regarding the geographical allocation for the EMU countries from 2002 we think that the information indicated in question A.6 can amend the problems for the credits. Similarly the statistics on travel (cf. Council Directive 95/57/EC) should be of use for the debits.

If 'no (relevant) problems' have been indicated for all of the three types of transactions in the table above and the present collection system will be maintained -- from 2002 onwards -- the remaining questions can be skipped (go directly to last page of the questionnaire).

**Question B.2** [ONLY FOR COUNTRIES USING A BANK REPORTING SYSTEM (S1) AS A MAIN OR SUPPLEMENTARY SOURCE]

*Would the present system of recording of the exchanges of notes in your country imply (from year 2002) the consequences on Travel compiling pointed out below? (from TFT Report § 4.1.1)*

**Conclusions on the suitability of the note source for Travel recording at EMU stage III - Phase C (from year 2002)**

1. For BOP compilers in EMU countries, this source:
  - ◇ is no longer available for intra-EMU Travel transactions;
  - ◇ can only provide partial and potentially biased information on Travel transactions with extra-EMU countries, as a) the exchanges of Euro notes against extra-EMU countries' notes carried out outside the EMU area cannot be allocated to an individual country but only to the whole EMU area and b) the exchanges may frequently occur in EMU countries other than those in which the Euro notes are actually spent.

As a consequence of the above two remarks, if the note source is not substituted/complemented by other sources, national Travel BOP cannot be compiled by the EMU countries, whereas a global BOP for the whole EMU area is feasible. Provided that all the individual euro-zone countries collect information on exchanges of € to foreign currencies (information on exchange of € abroad)
2. BOP compilers in the (EU) countries not (yet) participating to the EMU would have to face problems in realising the geographical breakdown by individual EMU country.
3. In the longer run, the expected spread of the Euro outside the EMU area as an international currency, will pose additional problems for the recording of extra-EMU Travel to both EMU and extra-EMU BOP compilers.

Yes – DE,FR,NL,BE,LU\*,ES,AT,SE, PT\*

No (explain the reasons below)

LU\* – Yes, but the share of travel transactions in the global bank notes reporting is very small so that alternative methods have to be studied anyway.

PT\* – We agree that the EMU Stage III - Phase C will pose problems to the compilation of the Travel item, but it will still be possible to compile the national Travel BOP of the EMU countries. In any way, even presently, the mentioned source is complemented with additional sources, for obtaining the Travel item in the Portuguese balance of payments.

**Question B.3** [ONLY FOR EUR11 COUNTRIES USING A BANK REPORTING SYSTEM (S1) AS A MAIN OR SUPPLEMENTARY SOURCE]

*Will your collection system maintain the information on the exchange of Intra-EMU national notes (e.g. for France, the exchanges of French Francs against Deutsche Marks) during the period 1999-2001?*

Yes, the recording will be maintained – DE,FR,NL,BE,LU,ES,AT,PT

No, only the exchanges of national notes against Extra-EMU notes will be recorded (specify below the solution envisaged to measure Intra-EMU Travel transactions between 1999 and 2001)

Other answer (specify)



**Question B.4** [ONLY FOR EUR11 COUNTRIES USING A BANK REPORTING SYSTEM (S1) AS A MAIN OR SUPPLEMENTARY SOURCE]

*Specify below the (additional) problems envisaged for Travel recording during the period 1999-2001 (see document BP/98/34/E, point 13.).*

**AT** - Due to differing exchange fees the place of banknote exchange (in the reporting country or abroad) might shift, which has implications for corresponding estimates.

**DE** - Possibly fees for bank transfers will be reduced. If travellers switched from cheques or credit cards to bank transfers for payments smaller than 2.500 ECU there would be an underreporting. Possible dissolution of DM-hoardings accumulated outside Germany could cause problems. Changes in behaviour of travellers (e.g. modified re-exchange ratios) may influence the quality of estimates.

**ES** - The foreseeable increase in the use of credits cards may lead to an increase in their use for any other purpose besides travel. On the other hand, in as much as the use of bank notes will be reduced, the problems posed by them will be fewer (geographical allocation and others).

**FR** - Possible changes in travellers' behaviour

**PT** - Changes in behaviour of the travellers. Larger use of cards (credit, debit and prepaid cards)

## C. Plans for future system for Travel

In this section of the questionnaire you are requested to indicate the solutions your country plans to adopt to solve the problems connected with the Euro introduction which have been outlined in section B. The plans can be more or less provisional and detailed. If details on the plans are available on specific documents, please attach them to the questionnaire.  
If no plans have been designed, please provide an opinion on the suitability/feasibility -- in your country -- of the collection systems / sources mentioned in this section.

### Question C.1

*Has a plan for a Travel collection system in the context of the Euro notes circulation (from 2002) been designed in your country?*

Yes (the answers given in this section refer to that plan) - **NL,SE,FR,ES**

Not yet (the answers given in this section refer to the suitability / feasibility of the various collection systems / sources) - **DE,FR,BE,LU,AT,PT**

Other answer (specify) -

**NL** - Statistics Netherlands will design a new collection system for travel based on the already available other sources on travel or tourist information. Some additional questions will be added to the current household panel questionnaire on travel.

**SE** - The plan is only feasible if there is an exchange of mirror statistics with EMU countries. Of course, this is a suggestion from Sweden's behalf and would require the co-operation of all the member countries. By doing this, asymmetries could be avoided.

### Question C.2

*The Task Force "Travel" suggested that four different collection systems, i.e. combination of sources, can be the most appropriate to compile the Travel item in the context of the circulation of Euro notes (see TFT Report § 5.2). Indicate below which of these four options best represent the system your country plans to realise.*

frontier survey based system - **ES**

household survey based system - **DE, BE, AT, SE**

hybrid system - **DE, NL, BE, LU, AT, SE, PT\*, GR**

credit card based system - **FR, BE, LU**

**PT\*** - (combination of sources: BRS, credit card issuers, tour operators,...)

### Question C.3

*For each of the collection systems suggested by the TF "Travel" that are not considered suitable in your country, can you briefly explain the main reasons which led to that evaluation (e.g. feasibility, reliability of results, cost, etc.)?*

(ignore the collection system indicated in previous question)

#### a. Frontier survey based system

**AT** - Not feasible due to the high number of travellers crossing through street borders, especially vis-à-vis IT and DE after the complete dismantling of control posts according to the Schengen agreement. Too costly. Total number of crossings unknown, therefore calculation of expansion factors for samples impossible.

**BE, DE** - The number of existing border crossings is very large and there are no border controls. A survey at the border would probably not be feasible.

**FR** - Frontier survey based system does not fit in France to BOP use, because of the periodicity (every two years), and because frontier surveys only cover inbound travellers.

**GR** - In practice the application faces difficulties. Reasons: too many border crossings and cost too high.

**LU** - difficult to realise (no checks at frontiers), cost too high, more than 70.000 cross-border workers every day.

**NL** - There are no border controls with other "Schengen" countries anymore. So a survey at the border seems not feasible (country too small; too many travellers).

**PT** - The frontier survey is conducted by the NIS. It is not a "Travel" oriented survey, which means that some BOP operations are not captured. It has high costs and it is made on an irregular basis. The timeliness of the results doesn't match the one applied to the other items of the BOP.

SE - A survey at the border would be difficult to conduct due to the absence of frontier controls. Sweden has a long border towards Norway and Finland, as well as borders towards Denmark.

## **b. Household survey based system**

ES - It has serious shortcomings in the information on countries of destination of the travellers and does not cover an important part of visitors. Moreover it provides only with information on the debit side.

LU – only debits are concerned (but helpful to supplement an hybrid system).

NL – will be part of the hybrid system; only information on debits (travel expenses) can be obtained. Data from other countries are not available for the credits (travel income).

PT - The household survey is also conducted by the NIS. It does not make use of the BPM5 concepts and methodology concerning the compilation of "Travel". It is made on an annual basis.

## **c. Hybrid system**

*No comments from countries*

## **d. Credit card based system**

AT - Credit Card information will be used as part of settlements information. But as additional information is available, it would be a loss of information to rely only on this relatively small part of receipts/expenditures. Instead of using the ratio credit-card vs. non-credit-card payments one could rely on cash vs. non-cash payments.

DE - Credit card share is too low at the moment for credit card based system alone. Credit card data may be used as supplementary information or for verification.

ES - The use of this source must always be complementary to other sources.

LU – Main problem: the concept of residence of cardholders as perceived by the card-issuing enterprises differs from the BOP definitions.

In the matter of credit cards the clearing agency considers as «resident» all clients holder of a card issued in Luxembourg. This causes a major problem in the context of cross-border workers.

Actually Luxembourg (with a population of about 440 000 residents) counts more than 80 000 cross-border workers, individuals who have their principal residence in the countries bordering on Luxembourg. For all bop transactions cross-border workers are considered as non-residents.

However in the statistics set up by the clearing agency the transactions relating to cards issued in Luxembourg, there is no distinction between « residents » and « non residents » .

So, for instance, in the statistics provided by the clearing agency, the expenditures of the cross-border workers in the national economy (and paid by a credit card issued in Luxembourg) are considered as domestic transactions, whereas for bop needs these transactions are to be recorded under «Travel – business».

NL – This source cannot be used in the future system as a primary source (overlap with S5, S6 and S7; see C4); this source can only be used for verification as far as the proportion of credit card payments in the total of travel income and travel expenses proves to be stable enough (from 2002).

PT - Information on credit card's payments is considered one of the main sources of our system, and we believe that the use of these cards will increase in the future. However, we have no plans to adopt a credit card based system.

SE - Credit card share is too low at the moment for a solely credit card based system, instead credit data can be used as main source together with information from the bank reporting system.

**Question C.4**

*In order to schematically describe the planned collection system for Travel to face the problems involved by the Euro introduction (from 2002) can you fill in the table below by indicating for each source composing the system its characteristics, prevailing usage and coverage?*

| Country            | Type of source – Source description<br><br>[1]  | Usage<br><br>[2] | Type of transactions covered |                 |
|--------------------|---|------------------|------------------------------|-----------------|
|                    |   |                  | Partner country area<br>[3]  | BOP side<br>[4] |
| DE, BE, LU, AT, PT | Plans are not sufficiently concrete for a detailed description.   | -                | -                            | -               |
| ES                 | <b>Planned system:</b> Inbound / outbound frontier survey, under the responsibility of the Instituto de Estudios Turísticos. The survey is an expansion of the already running FRONTUR. A pilot testing of the questionnaires has been finalised in 1999. The final survey will start in May 2000 and it will run until the end of 2001 in parallel to the existing system (BRS + credit card), to allow cross-checks of the results.   | M                | All                          | C+D             |
| GR                 | <i>Planned system: household survey + tourism statistics + credit card survey + BRS (for non-EMU countries).<br/>Future plans: improvement of already existing surveys; supplementary support by new surveys (survey of travellers at accommodation establishments, tour operator survey).</i>  | -                | -                            | -               |
| NL                 | At this time Statistics Netherlands is developing a new collection system. This will be based on the following sources (codes used in Questions A.1):<br><b>Primary sources:</b> S5 – Household survey (debit); S6 – Survey of travellers at accommodation establishments (credit); S7 – Survey of tourist providers (credit).<br><b>Supplementary sources:</b> S1 (BRS), S3 (Credit card data from CCIs) and S12 (Other).<br>More detailed information on the characteristics of these sources will be provided when this development project has been finished. | -                | -                            | -               |

(continues)

(from previous page)

| Country | Type of source – Source description<br>[1]  | Usage<br>[2] | Type of transactions covered |                 |
|---------|---|--------------|------------------------------|-----------------|
|         |   |              | Partner country area<br>[3]  | BOP side<br>[4] |
| FR      | CREDIT CARDS -The share of the credit cards used for travel payments and receipts is rather high and with a growing trend. As the nationality of the holder of the credit card is known and the transactions are recorded on a gross basis, credit cards payments can be used as a point of departure for the travel estimates.   | M            | All                          | C+D             |
|         | HOUSEHOLD SURVEYS - The household survey includes questions about expenditure amounts and the different means of payments that are used by resident travellers. These questions have two aims:<br>- make an estimate of the market share of the credit cards in the expenditure;<br>- make an estimate of the average expenditure and of the total expenditure, if the sample is considered as sufficiently representative. | S            | All                          | D               |
|         | The estimate of the share of credit cards and, possibly, the estimate of average and total expenditure on the credit side would be provided by the already running INBOUND FRONTIER SURVEY (adapted with additional questions).   | S            | All                          | C               |
|         | BRS - The present system will be used as the main source for extra-EU transactions.   | M            | EXTRA-EU                     | C+D             |
| SE      | BANK REPORTS. No change   | M            | All                          | C+D             |
|         | CARD REPORTS. No change   | M            | All                          | C+D             |
|         | HOUSEHOLD SURVEYS. The previous survey will be expanded and conducted regularly, so that Sweden will be able to exchange mirror statistics with EMU countries (see answer to Question A.6).   | M            | All                          | D               |
|         | MIRROR STATISTICS (data exchange with EMU countries in order to correct the geographical breakdown on credit side).   | M            | EMU, EU-NON-EMU              | C               |
|         | EXCHANGE OF PARTNER COUNTRY STATISTICS to correct gross flows.  | S            | EU-NON-EMU, EXTRA-EU         | C+D             |
|         | ESTIMATES with the aim to correct gross flows and geographical breakdown (charter tourism payments, small payment items, USD bias etc).   | S            | EU-NON-EMU, EXTRA-EU         | C+D             |

## Further remarks

**SE - Without the exchange of mirror statistics with EMU member countries this solution (see answer to Question C.1) is not feasible.**

- [1] Specify the type of source (use the classification given in question A.1), the organisation responsible, the main characteristics (e.g. for surveys: data collection method and frequency, sample size, etc.)
- [2] - Main source (M); - Supplementary source (S); - Used for verification (V).
- [3] - Used for Travel transactions of your country vis-à-vis (other) EMU countries (EMU);  
- Used for Travel transactions of your country vis-à-vis (other) EU-non-EMU countries (EU-NON-EMU);  
- Used for Travel transactions of your country vis-à-vis Extra-EU countries (EXTRA-EU).
- [4] - Credits (C); - Debits (D).

### Question C.5

*The TG 'Travel' has ascertained that the collection system (mainly household surveys) implemented by the MS to comply with the Council Directive on Tourism Statistics<sup>1</sup> could be used as a (complementary) source for Travel BOP needs. If initiatives have been undertaken in your country on this respect, illustrate them below.*

AT - A joint survey between the CSO (in charge of Tourism Statistics) and the Oesterreichische Nationalbank has been envisaged in order to reduce costs and improve efficiency (e.g. by increasing sample size and asking additional questions).

BE - Will be studied in the second half of 1999

DE - The size of the sample seems to be relatively small, and first results suggest that the quality of information on expenditure is limited.

FR - The size of the sample which is presently used will be doubled (from 10 000 units to 20 000 units. A questionnaire relating to expenditures of french households will be added to the SDT.

GB - None undertaken in the UK

LU - The overall results are used for verification of partial BOP debit figures

NL - This will be described in a report after finishing the project as mentioned in question C4.

PT - We consider that both the quality of the information on travel expenditures and the concepts provided by the household survey don't match the BPM5 requirements.

SE - The size of the sample seems to be relatively small, and the results suggest that the quality of information on expenditure is limited.

### Question C.6

*The coverage of the Council Directive is not in line with the BOP requirements.<sup>2</sup> If your country plans to establish synergies with the surveys set up for the Directive, provide below information on the strategies envisaged to solve these problems.*

DE, PT, SE - No concrete plans exist so far.

AT - Travel Credits will not be covered; Respondents will be asked to give an estimate for transportation costs and means of transport. Household Survey will be extended to cover also same-day visitors. A question on purpose of travel allows for differentiating between business/Private-health-education. No information on seasonal- or border-workers will be available. The split of quarterly survey results into months could be done by using monthly settlement information.

BE - Will be studied in the second half of 1999

FR - A specific question relates to international transportation.

GB - The IPS is used to derive estimates both for travel for BOP and tourism. The differences in data requirements between the two classifications have been addressed via supplementary "trailer" questions on the main IPS questionnaire. For example, we have separate trailer questions to derive expenditure of seasonal and border workers and over one year students which are required for BOP but not for tourism. In the medium term it would aid data collection if the definitions for travel and tourism were consistent

LU - In future two questions concerning excursionists will be included in the survey set up for the coverage of the Council Directive.

NL - We informed Statistics Netherlands about some deviations from the BOP requirements in the sources of tourism. This requires some additional information to be asked in the household survey to be able to adjust the survey results to be in line with the BOP manual. Some necessary changes in the household survey will be tested by means of a pilot.

<sup>1</sup> Council of the European Union, *Council Directive 95/57/CE on the collection of statistical information in the field of tourism*, 23rd November 1995.

<sup>2</sup> The main deviations are the following: a) no data for Travel credits; b) inclusion of international passenger transportation; c) no data on same-day visitors' expenditures; d) no data on health-related, education-related, seasonal and border workers' expenditures; e) no monthly data.

**Question C.7**

*If possible, indicate a tentative/approximate timetable for the implementation of the collection system for Travel planned to face the problems involved by the Euro introduction.*

| Action  | Year  |
|---|-------|
| AT – Household Survey (12.000 Interviews)   | 1988  |
| AT – Household Survey – Extension to same day visitors  | 1990  |
| AT – Household Survey –Transportation and Travel expenses separately reported   | 1997  |
| AT – Household Survey –Further adaptations envisaged<br>ES - Testing of questionnaires on travel expenditure in frontiers surveys<br>NL - Pilot for household survey and description of sources   | 1999  |
| ES - Implementation of expenditures questionnaires in the frontier survey and analysis of results<br>(checking process with data coming from other sources)   | 2000  |
| NL - Implementation of a new travel collection system   | 2001  |
| SE - Expand the household survey, provided that there will be an exchange of mirror statistics with EMU countries concerning the export side<br>SE - Mirror statistics, data exchange with EMU countries in order to correct the geographical breakdown on debit side | 2002* |

BE, DE, FR, LU – No timetable can be given so far.

SE\* - The date is depending on the political decision about Sweden's membership in the EMU. As long as Sweden is not a member of the EMU the current data collection system is not going to change.

***Annex D. Summary of the planning of EU MS for the revision of collection systems for Travel***

Table 7.a-b in following pages summarises the present collection systems for Travel of the EU MS and the implementation plans for their revision, in order to solve the problems introduced by the disappearance of national notes of countries of the euro-zone. <sup>145</sup>

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<sup>145</sup> The table updates the one included in TG "Travel", *Revision of collection systems for Travel - Summary of the work planning of EU MS*, September 1999, distributed at the October 1999 BOP WP meeting as doc. BP/99/24/E.



**Table 7.a – Summary of the planning of EU MS for the revision of collection systems for Travel.**

| <b>Cou<br/>ntry</b> | <b>Present collection<br/>system<br/>(main sources)</b>   | <b>Need to<br/>change<br/>in 2002</b> | <b>Preference among the options<br/>suggested in the TF Travel<br/>Report</b>          | <b>Planned system<br/>(main sources)</b>  |
|---------------------|---|---------------------------------------|--|---|
| <b>AT</b>           | BRS + Credit cards  | Yes                                   | Household survey based system<br>or<br>Hybrid system                                   |   |
| <b>BE</b>           | BRS + Credit cards  | Yes                                   | Household survey based system<br>or<br>Hybrid system<br>or<br>Credit card based system |   |
| <b>DE</b>           | BRS + Credit cards  | Yes                                   | Household survey based system<br>or<br>Hybrid system                                   |   |
| <b>DK</b>           | BRS + Credit cards  | No                                    |  |   |
| <b>ES</b>           | BRS + Credit cards  | Yes                                   | Frontier survey based system   | Inbound / outbound frontier survey  |
| <b>FI</b>           | Frontier survey (credit)<br>+ Household survey<br>(debit) | No                                    |  |   |
| <b>FR</b>           | BRS + Credit cards  | Yes                                   | Credit card based system   | Credit cards + BRS (for Extra-EU)   |
| <b>GB</b>           | Inbound / outbound<br>frontier survey                     | No                                    |  |   |
| <b>GR</b>           | BRS + Credit cards  | Yes                                   | Hybrid system  | Household survey + Credit cards + BRS (for<br>Extra-EMU)<br>- through the improvement of existing surveys -                           |
| <b>IE</b>           | Inbound / outbound<br>frontier survey                     | No                                    |  |   |
| <b>IT</b>           | Inbound / outbound<br>frontier survey                     | No                                    |  |   |
| <b>LU</b>           | BRS + Credit cards  | Yes                                   | Hybrid system<br>or<br>Credit card based system  |   |
| <b>NL</b>           | BRS + Credit cards  | Yes                                   | Hybrid system  | Household survey (debit) + Survey of travellers<br>at accommodation establishments (credit) +<br>Survey of tourist providers (credit) |
| <b>PT</b>           | BRS + Credit cards  | Yes                                   | Hybrid system  |   |
| <b>SE</b>           | BRS + Credit cards  | Yes (*)                               | Household survey based system<br>or<br>Hybrid system                                   | Household survey (debit) + BRS + Exchange of<br>data (with EMU countries, to correct geo<br>breakdown of credits) + Credit cards      |

*(continues)*

(\*) The present collection system will be changed only if Sweden participates in the EMU.

**Table 7.b – Summary of the planning of EU MS for the revision of collection systems for Travel.***(continues from previous page)*

| Country | Planned system<br>(supplementary sources)  | Timetable<br>(for planning, tests and implementation)   |
|---------|--|---|
| AT      |  | 1999 – Adaptation of household survey   |
| BE      |  |   |
| DK      |  |   |
| FI      |  |   |
| FR      | Debit - Household survey<br>Credit - Inbound frontier survey   |   |
| DE      |  |   |
| GR      | Survey of travellers at accommodation establishments<br>+ survey of tourist intermediaries (tour operators)<br>- new surveys -                       |   |
| IE      |  |   |
| IT      |  |   |
| LU      |  |   |
| NL      | BRS + Credit Cards (from credit card issuers) + other sources  | 1999 – Pilot for household survey and description of sources; 2001 – Implementation of new travel collection system   |
| PT      |  |   |
| ES      |  | 1999 – Testing of questionnaires on expenditures in frontier survey; 2000 (May) – Implementation of the frontier survey                                     |
| SE      | Exchange of data (with non-EMU countries, to correct gross flows) + estimates (to correct geo breakdown and gross flows vis-à-vis non-EMU countries) | 2002 (*) – Expansion of the household survey, provided that exchange of data with partner EMU countries is started<br>(*) If Sweden participates to the EMU |
| GB      |  |   |

**Annex E. Meetings of the Technical Group "Travel"**

The TG "Travel" held six meetings on the dates and in the venues listed below. For each meeting the reference number of the document containing the minutes distributed to the BOP Working Party members is indicated between parenthesis.

|                    |            |                                |                  |
|--------------------|------------|--------------------------------|------------------|
| 12 November 1997   | Luxembourg | Eurostat                       | (BP/98/08/E/REV) |
| 23-24 April 1998   | Lisbon     | Banco de Portugal              | (BP/98/34/E/REV) |
| 3-4 December 1998  | Frankfurt  | Deutsche Bundesbank            | (BP/99/03/E/REV) |
| 27-28 May 1999     | Vienna     | Oesterreichische Nationalbank  | (BP/99/24/E/REV) |
| 9-10 December 1999 | London     | Office for National Statistics |                  |
| 3-4 February 2000  | Rome       | Ufficio Italiano dei Cambi     |                  |

## **Annex F. Bibliography**

For documents distributed at the BOP WP, the reference number (in the form BP/././.) is indicated. Abbreviations for documents are indicated between round parenthesis and in bold-italic characters. An asterisk between round parenthesis (\*) indicates documents included in the book **Eurostat – B5, Technical Group “Travel”. Papers on collection plans and methodologies for Travel.**

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..., Draft speeches of the conference *The euro and tourism: opportunities and strategies for businesses*, held in Brussels on 16 October 1998, 1998

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**S. Bravo (Eurostat B5)**, *Asymmetries – 236, Travel, Executive summary*, 1999

**M. Brites Ramos**, *Credit card reports: the Portuguese experience*, 1998, BP/98/28/E (\*)

**Central Statistical Office - Ireland**, *Frontier survey – Cards and forms used*, May 1999, BP/99/21/E (\*)

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**Eurostat – B5**, *Travel Task Force Report. Measuring the Travel Item of the Balance of Payments of EU Member States. Proposals for Stage III of EMU*, January 1997, **(TFT Report)**

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