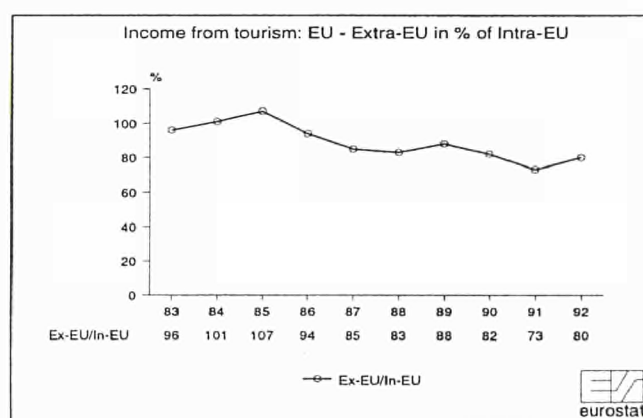
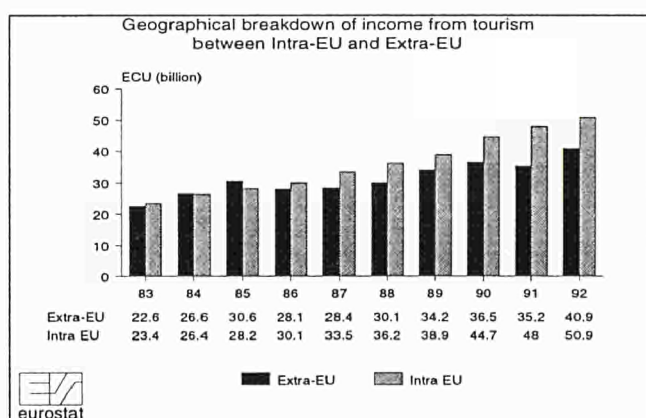


TOURISM: EUROPEAN UNION TRADE 1983 - 1992

Tourism corresponds to the item "Travel" according to the definition of the IMF 4th edition, Balance of Payments manual. On the credit side it covers income from all goods and services provided by a resident economy to a non-resident spending less than one year there, except for persons posted to a military base or working for an official body of their own government, or any other dependent of the latter. On the debit side, it records expenditure of the same type spent abroad by residents displaying the same characteristics. Non-residents with a direct productive activity in an entity of the economy in question are excluded. It should also be noted that the cost of any international transport involved is not recorded under tourism but under transport.

The estimates used in this note are based on data provided to Eurostat and collected yearly by the twelve Member States. After harmonization, Eurostat estimates the aggregated results for EUR-12, which is the subject of the yearly publication "Geographical Breakdown of the current account EUR-12" (the last issue concerns the period 1983-1992).



Tourism plays an important role in international trade by the European Union. These structural surpluses contribute positively to the current account balance each year. Since 1985, income from Intra-EU tourism has tended to increase more rapidly than income from tourism between the EU and the Extra-EU. The latter amounted to 96% of the total income from intra-EC tourism in 1983, but was down to just 80% in 1992.

Manuscript completed on = 17.03.1995

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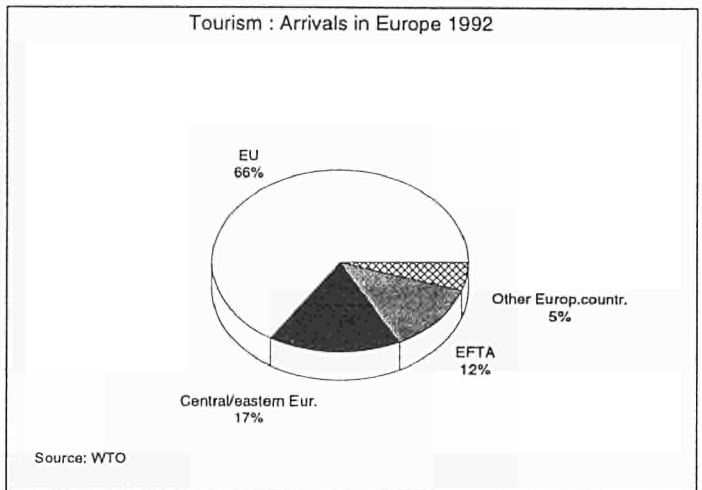
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The European Union is the biggest tourist destination in the world. According to World Tourism Organisation estimates for 1992, France, Italy and Spain alone attracted one in every four tourists - almost 26% of the world market. The European Union also accounted for two out of every three tourist arrivals in Europe, giving it a 66% market share in Europe.

According to a study carried out by the European Parliament, the tourist sector is the largest economic sector in the European Union. It accounts for 5.5% of GNP, 8% of household expenditure, 4.5% of all foreign exchange receipts, 4% of all foreign exchange payments, and 6% of employment (7.5 million occupied persons).

This document looks first of all at Intra-EU tourism, before turning to tourism between the EU and the Extra-EU broken down geographically by areas and main countries.



EU = EUR 12
 EFTA = Austria, Finland, Iceland, Liechtenstein, Norway, Sweden, Switzerland
 Central and Eastern Europe = Bulgaria, former Czechoslovakia, Hungary, Poland, Romania, former USSR.

REGULAR GROWTH IN INCOME FROM INTRA-EU TOURISM

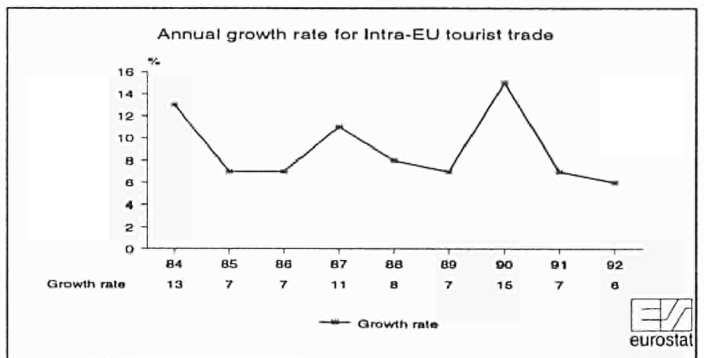
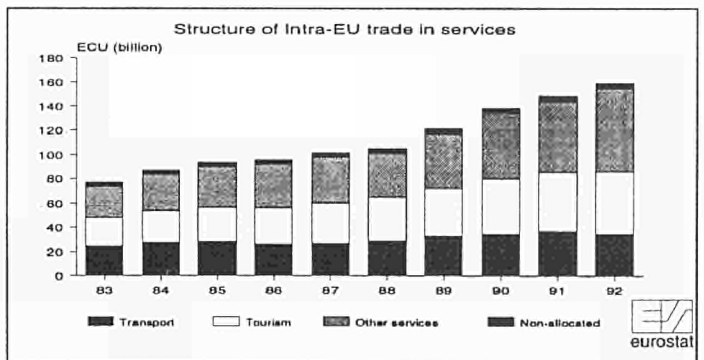
Trade in Intra-EU services (*)
 In ECU million

Items	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Transport	24548	27604	28558	26213	26912	29139	33259	35019	37294	34886
Tourism	23398	26410	28200	30050	33490	36240	38897	44668	48006	50891
Other servic	26264	29700	33263	35998	37628	35974	44707	54146	58693	69050
N.allocated	2812	3223	3574	3696	3653	4009	4520	4554	4574	4383
SERVICES	77022	86937	93595	95957	101683	105362	121383	138387	148567	159210

(*) Corresponds to uncorrected credit from asymmetries

Structure of Intra-EU trade in services
 in % of total services

Items	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Transport	32	32	31	27	26	28	27	25	25	22
Tourism	30	30	30	31	33	34	32	32	32	32
Other services	34	34	36	38	37	34	37	39	40	43
Non-allocated	4	4	4	4	4	4	4	3	3	3
SERVICES	100	100	100	100	100	100	100	100	100	100



Tourism between the Member States of the European Union is of vital importance because of its integrating role in the creation of Europe of the citizens, and because of the number of activities and direct jobs it creates. This was why 1990 was made "European Year of Tourism".

Income from Intra-EU tourism rose steadily during the whole period. It more than doubled between 1983 and 1992, rising from ECU 23 billion to almost ECU 51 billion.

The growth rate remained positive over the whole period (over 6%), peaking in 1990 when it reached 15%.

Intra-EU tourism has, however, only slightly increased its share of total current trade in Intra-EU services, but de-

spite only rising from 30% in 1983 to 32% in 1992, it remains at a relatively high level. Approximately one-third of the income from trade in Intra-EU services comes from tourism.

THE EU HAS A STRUCTURAL SURPLUS IN ITS TOURIST TRADE WITH THE EXTRA-EU

The three main areas making up the Extra-EU are: industrialised countries, developing countries and the former State-trading countries.

The EU had a trade surplus with the Extra-EU during the whole period from 1983 to 1992, but this surplus has been shrinking since 1985.

The EU is now confronted with increasingly stiff international competition, and according to a European Parliament report in 1990, Europe has lost 10% of its market share over ten years.

Trade in services EU - Extra-EU
In ECU million

	Flow (*)	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Transport	C	31784	36168	38852	32890	33456	39371	45319	45962	48407	44827
	D	31890	35856	37203	32211	33559	36378	42488	44012	45146	42393
Tourism	C	22576	26613	30571	28063	28374	30077	34177	36516	35239	40919
	D	16334	17804	19315	20862	23252	25902	28653	32707	32168	40182
Other services	C	40124	43672	47741	44832	44224	45498	52388	60176	62061	67911
	D	31943	36357	39179	35792	36824	41122	49565	57763	61555	68145
Non-allocated	C	2528	2987	3154	2805	2791	3545	3837	3842	3695	4048
	D	684	752	779	646	675	1018	1148	1140	1092	1215
SERVICES	C	97012	109440	120318	108590	108845	118491	135721	146496	149402	157705
	D	80851	90769	96476	89511	94310	104420	121854	135622	139961	151935

(*) C: credit, D: debit,



Income from tourism nearly doubled between 1983 and 1992, rising from ECU 23 billion to ECU 41 billion, whilst expenditure more than doubled, pushing the total up from ECU 16 billion to 40 billion.

In 1986 there was an 8% fall in income, largely due to a very sharp drop in the number of American tourists which was in turn prompted by the substantial depreciation in the value of the dollar against European currencies. In 1985, US\$ 76 bought ECU 100, whereas in 1986 it took US\$ 98 to purchase the same amount.

Income increased by 14% in 1989, a growth rate which was largely due to good figures for France. The celebrations for the bicentenary of the French Revolution were doubtless one of the main reasons for this increase in France's income from tourism.

In 1991, the EU's income from tourism was down again by 3% compared to the Extra-EU, falling from ECU 37 billion to 35 billion. The main reason for this fall was the reduction in the number of visitors as a result of the Gulf War crisis.

The World Tourism Organisation estimates that tourist arrivals by air in the EU fell by 7.29% in 1991 from the 1990 figure. At the same time, tourist expenditure by the EU in the Extra-EU fell by 2% during the same year.

1992, on the other hand, saw a very strong recovery in both the EU's income from tourism and tourist expenditure by the EU in the Extra-EU, these amounting to 16% and 25% respectively.

Trade in services EU - Extra-EU
in % of services

Items	Flows	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Transport	C	33	33	32	30	31	33	33	31	32	28
	D	39	40	39	36	36	35	35	32	32	28
Tourism	C	23	24	25	26	26	25	25	25	24	26
	D	20	20	20	23	25	25	24	24	23	26
Other services	C	41	40	40	41	41	38	39	41	42	43
	D	40	40	41	40	39	39	41	43	44	45
Non-allocated	C	3	3	3	3	3	3	3	3	2	3
	D	1	1	1	1	1	1	1	1	1	1
Services	C	100	100	100	100	100	100	100	100	100	100
	D	100	100	100	100	100	100	100	100	100	100

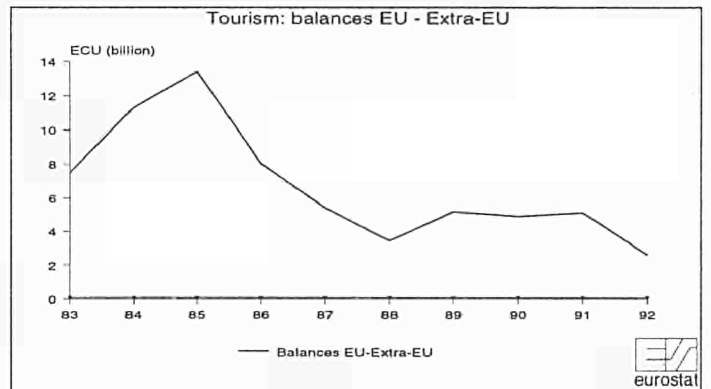
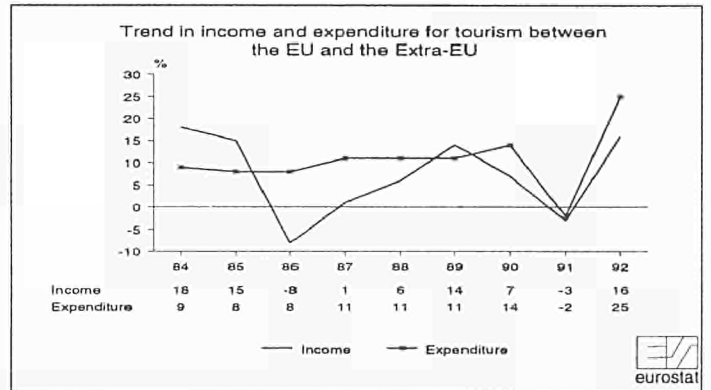
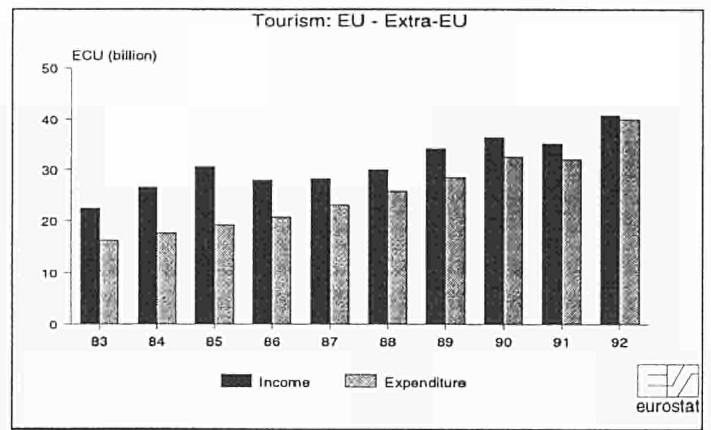
C:credit, D:debit

Of the three main items under services (transport, tourism and other services), tourism contributed the most to the EU surplus in its trade in services with the Rest of the World, apart from in certain exceptional years (1983, 1986 and 1987).

Trade in services EU - World (Intra+Extra-EU)
Balances (*) in ECU Millions

Items	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Transport	383	1312	2419	648	198	1048	780	-741	-562	268
Tourism	7500	11300	13435	8024	5414	3446	5181	4907	5124	2629
Other serv.	8432	7239	9232	10079	9799	2495	3999	2912	-661	-4380
N.Allocated	-	-	-	-	-	-	-	-	-	-
SERVICES	20113	24359	29977	25533	20091	12266	15795	12911	9666	4377

(*) Balances used in the trade analysis EU - Extra-EU. They are closer to reality because of geographical breakdown errors when assessing Extra-EU flows.



THE EU CARRIES OUT MOST OF ITS TOURIST TRADE WITH INDUSTRIALISED COUNTRIES

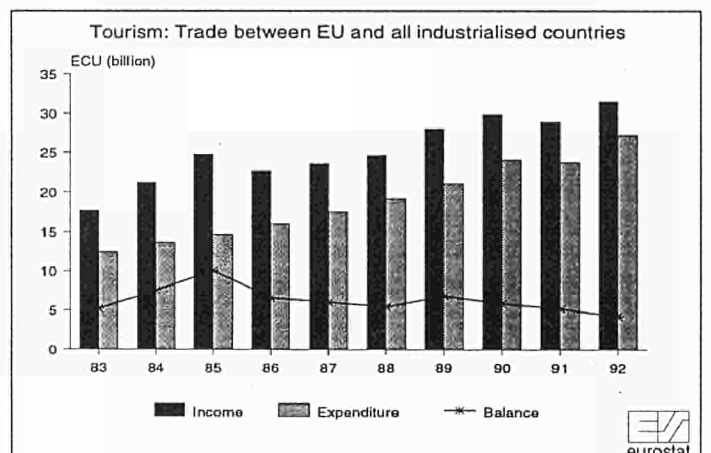
The industrialised countries comprise all the OECD countries excluding the EU Member States, as well as South

Africa, Gibraltar, Malta, Liechtenstein and the former Yugoslavia.

Tourism between the EU and industrialised countries
Cover ratios (*) - in %

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
All indust.count.	142	155	169	141	135	128	133	124	122	115
USA	237	253	275	197	165	146	139	124	105	93
Japan	358	321	346	365	352	353	435	379	346	334
EFTA	94	105	113	114	122	121	129	126	134	135
Oth.devel.count	115	118	115	96	91	90	96	90	88	80
-Canada	214	226	280	188	164	167	168	148	121	118
-Austral+NZL	249	270	251	221	177	155	168	146	113	116
-Turkey	22	15	17	12	16	11	12	17	25	15

(*) Income/Expenditure



The European Union had a tourist trade surplus with the industrialised countries during the whole period from 1983 to 1992, though these surpluses have been falling since 1985.

Tourism between the EU and the industrialised countries
Geographical breakdown of income in ECU million

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
All ind.countr.	17633	21218	24770	22636	23517	24649	28003	29904	28926	31500
USA	8705	10634	13060	10486	9575	9302	10610	10129	9159	10440
Japan	408	539	616	650	880	1183	1586	1642	1468	1647
EFTA	6598	7705	8499	9189	10448	11224	12617	14744	15863	17033
Oth.dev.count	1922	2339	2595	2311	2615	2940	3190	3389	2436	2381
-Canada	698	838	998	802	905	1052	1109	1151	922	1053
-Austral+NZ	591	749	812	746	754	839	976	1025	809	871
Turkey	35	29	55	42	72	73	90	142	161	132

On average, the industrialised countries account for over 80% of the European Union's income from tourism each year, with the USA and the EFTA countries being by far its most important partners.

Up until 1986, the USA was the EU's main partner in terms of income from tourism, but it was overtaken by the EFTA countries from 1987.

In 1983, US tourists accounted for 49% of total income from the industrialised countries, as against 37% for EFTA tourists. In 1986, these figures were 46% and 41% respectively, in 1989 38% as against 45% and by 1992 income from US tourists was down to 33% of the total compared with 54% from EFTA tourists.

Tourism between the EU and the industrialised countries
Geographical breakdown of expenditure in ECU million

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
All ind.countr.	12433	13663	14685	16013	17453	19199	21120	24051	23701	27284
USA	3674	4202	4752	5332	5799	6363	7635	8155	8687	11248
Japan	114	168	178	178	250	335	365	433	424	493
EFTA	6986	7319	7492	8089	8545	9249	9803	11718	11811	12576
Oth.dev.count	1668	1974	2263	2414	2859	3252	3317	3745	2780	2967
-Canada	326	370	356	427	552	630	660	777	760	896
-Austral+NZ	237	277	323	337	427	540	582	703	717	754
-Turkey	159	194	329	345	440	653	742	822	636	910

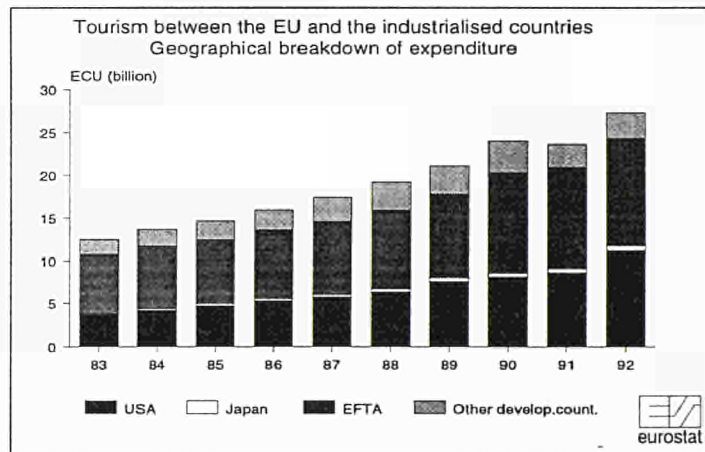
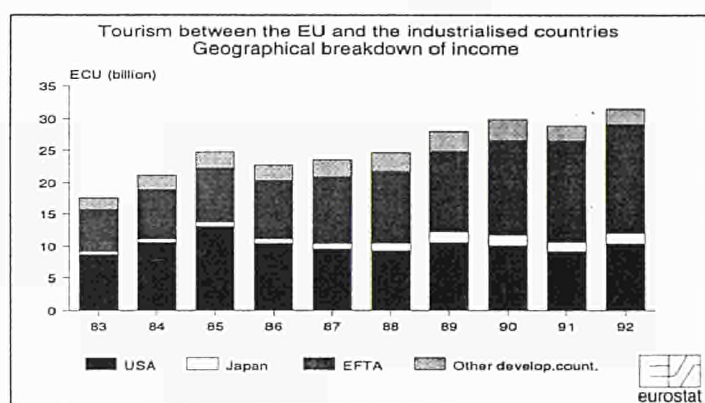
Tourist expenditure by the European Union in the industrialised countries rose during the whole period from 1983 to 1992, apart from in 1991 when it fell back slightly mainly as a result of the Gulf War crisis. The industrialised countries are the main tourist destination for residents of the European Union. During the reference period, three-quarters of tourist expenditure by the EU in the Rest of the World was spent in these countries.

The EFTA countries were the main beneficiaries of expenditure by EU tourists between 1983 and 1992, followed by the USA.

The cover ratios for tourist expenditure over income were 142% at the start of this period, rising to 169% in 1985, before falling to 115% at the end of the period.

Tourism between the EU and the industrialised countries
Structure of the geographical breakdown of income in %

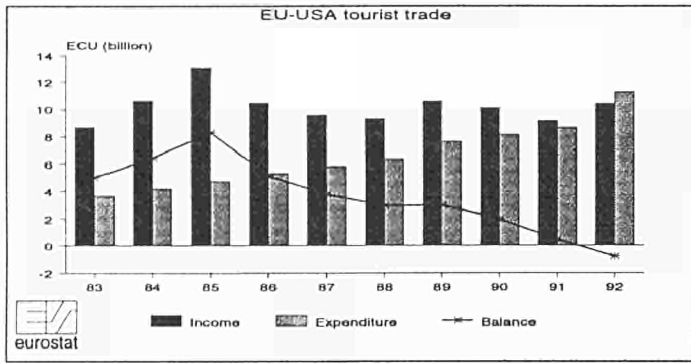
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
All ind.countries	100	100	100	100	100	100	100	100	100	100
USA	49	50	53	46	41	38	38	34	32	33
Japan	2	3	2	3	4	5	6	5	5	5
EFTA	37	36	34	41	44	46	45	49	55	54
Oth.devel.count.	11	11	10	10	11	12	11	11	8	8
-Canada	4	4	4	4	4	4	4	4	3	3
-Austral+NZL	3	4	3	3	3	3	3	3	3	3
-Turkey	0	0	0	0	0	0	0	0	1	0



Tourism between the EU and the industrialised countries
Structure of expenditure in %

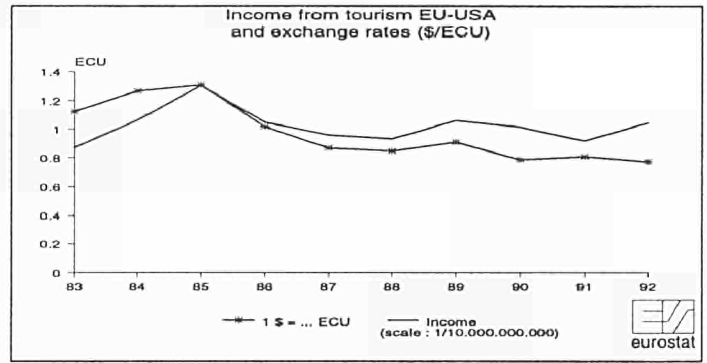
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
All ind.countr.	100	100	100	100	100	100	100	100	100	100
USA	30	31	32	33	33	33	36	34	37	41
Japan	1	1	1	1	1	2	2	2	2	2
EFTA	56	54	51	51	49	48	46	49	50	46
Oth.devel.count	13	14	15	15	16	17	16	16	12	11
-Canada	3	3	2	3	3	3	3	3	3	3
-Austral+NZL	2	2	2	2	2	3	3	3	3	3
-Turkey	1	1	2	2	3	3	4	3	3	3

Decline in the EU surplus with the USA, and deficit in 1992



The European Union had a surplus with the USA during the whole period from 1983 to 1991, before recording a deficit in 1992.

Its tourist expenditure rose every year from 1983 to 1992. Since 1985, there has been a steady fall in the EU's balance, and whereas its income from tourism had been up at 275% of its expenditure in trade with the USA, by 1992 it was down to 93%.

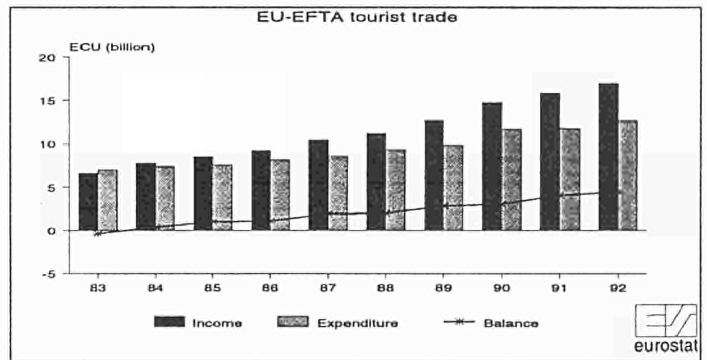


Income from tourism appears to be very susceptible to trends in the exchange rate between the ECU and the dollar, apart from in 1991 and 1992. The Gulf crisis caused tourism income of the EU vis-à-vis the USA to go down in 1991, in spite of a slight appreciation of the dollar against the ECU. In 1992, the depreciation of the US currency was accompanied with a rally of tourism income in the EU because of their abnormally low level in 1991.

Constant increase in EU surpluses with EFTA

In terms of income, the EFTA countries became the EU's most important partner during the second half of the reference period. EU income from tourism and tourist expenditure in trade with the EFTA countries rose steadily between 1983 and 1992, rising from ECU 7 billion to 17 billion and from ECU 7 billion to almost 13 billion respectively.

The EU had a slight deficit at the start of the period, with income covering only 94% of tourist expenditure, but it moved into the black in 1984 and improved its balance every year thereafter. Its coverage ratio rose from 105% in 1984 to 135% in 1992.

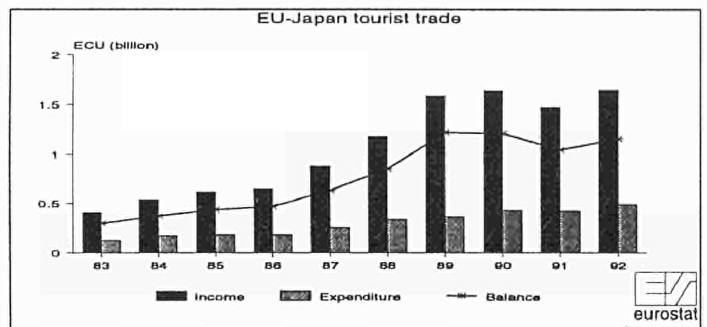


The boom in Japanese tourism is a rising source of income for the EU.

The European Union has a structural surplus in its tourist trade with Japan. Over the whole period its income was almost three times its expenditure in tourist trade with Japan. The EU's cover ratios for income over expenditure are over 300%.

When compared with the tourist trade carried out with its two main partners, the USA and the EFTA countries, trade with Japan is at a relatively low level, but is very dynamic.

Income and expenditure both more than quadrupled between 1983 and 1992, rising from ECU 0.4 billion to 1.6 billion and from ECU 0.1 billion to 0.5 billion respectively. WTO estimates reveal that Japanese tourists visit more than one country during the same journey. The estimated



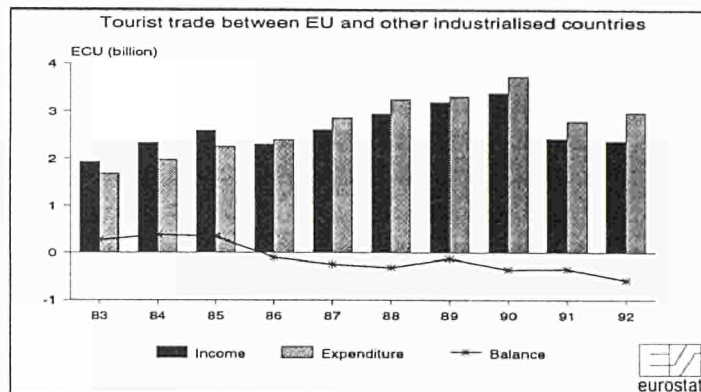
"departures/arrivals at destination" ratios produce an average of 1.5 countries visited for Asia, 2.9 for Europe and 1.05 for America.

Deficits with the "other industrialised countries" reduce the EU's surpluses

The other industrialised countries are made up of South Africa, Australia, Gibraltar, Malta, New Zealand, Turkey, the former Yugoslavia and Canada.

Following a trade surplus between 1983 and 1985, the EU has experienced a downward trend in its tourism balances with the other industrialised countries. At the beginning of the reference period, income from tourism covered 115% of tourist expenditure, but this fell to 96% in 1986 and was down to 80% in 1992.

The EU has a very large deficit with Turkey which attracts many tourists from the European Union. Its surplus with Canada has been shrinking over time, with income from tourism falling from over double the figure for expenditure in 1983 to being only marginally higher in 1992. Other countries, such as Australia and New Zealand, appear to be increasingly popular holiday destinations for EU resi-



dents (at any rate up until 1990), which explains the gradual reduction in the surpluses with the two countries combined.

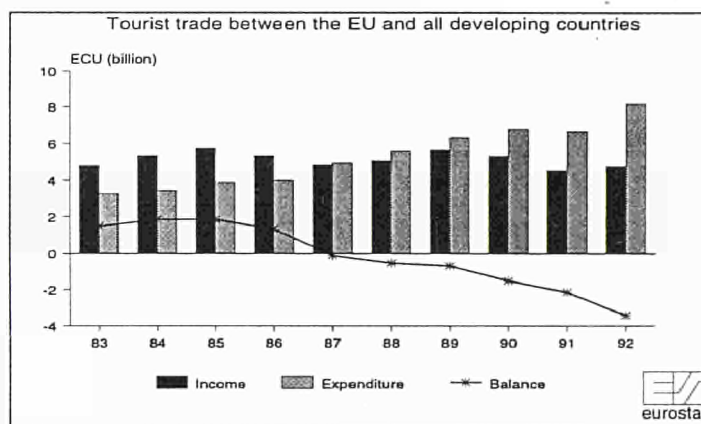
INCREASE IN TOURISM TO DEVELOPING COUNTRIES

The developing countries (*) are making constant progress and seem to be attracting ever greater numbers of EU tourists. Expenditure by EU tourists in developing countries has almost tripled from ECU 3 billion to 8 billion, whilst income from tourism with these countries has virtually stagnated at around ECU 5 billion. The EU balance moved into the red in 1987 and the deficit has been steadily increasing ever since.

Tourist trade between the EU and developing countries (*)
in ECU million

	Flow	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Total	C	4767	5311	5736	5317	4800	5043	5645	5280	4522	4731
	D	3286	3454	3878	4000	4914	5580	6331	6800	6673	8159
develop. countr.	B	1481	1857	1858	1317	-114	-537	-686	-1520	-2151	-3428
	C	898	934	1041	1146	1144	1044	981	1009	1148	1215
ACP	D	478	550	623	654	770	862	1061	1167	1395	1604
	B	420	384	418	492	374	182	-80	-158	-247	-389
OPEC	C	1908	1877	2006	1532	1202	1357	1393	1249	1231	1255
	D	358	387	389	376	420	419	524	564	516	633
Other develop. countr.	B	1550	1490	1617	1156	782	938	869	685	715	622
	C	2085	2637	2847	2780	2544	2720	3329	3106	2247	2349
D	D	2473	2541	2886	3032	3796	4388	4843	5268	4919	5957
	B	-388	96	-39	-252	-1252	-1668	-1514	-2162	-2672	-3608

(*) (figure for "ACP+OPEC+Other developing countries" is higher than "Total developing countries" because Gabon and Nigeria are included under both the ACP and OPEC.



Tourist trade between the EU and developing countries
Coverage ratios in %

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Tot. develop. count	145	154	148	133	98	90	89	78	68	58
ACP	188	170	167	175	149	121	92	86	82	76
OPEC	533	485	516	407	286	324	266	221	239	198
Oth. develop. count	84	104	99	92	67	62	69	59	46	39

Tourist trade between the EU and developing countries
Structure of income in %

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Tot. develop. count	100	100	100	100	100	100	100	100	100	100
ACP	19	18	18	22	24	21	17	19	25	26
OPEC	40	35	35	29	25	27	25	24	27	27
Oth. devel. count.	44	50	50	52	53	54	59	59	50	50

Tourist trade between the EU and developing countries
Structure of expenditure in %

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Tot. develop. count	100	100	100	100	100	100	100	100	100	100
ACP	15	16	16	16	16	15	17	17	21	20
OPEC	11	11	10	9	9	8	8	8	8	8
Oth. develop. count	75	74	74	76	77	79	76	77	74	73

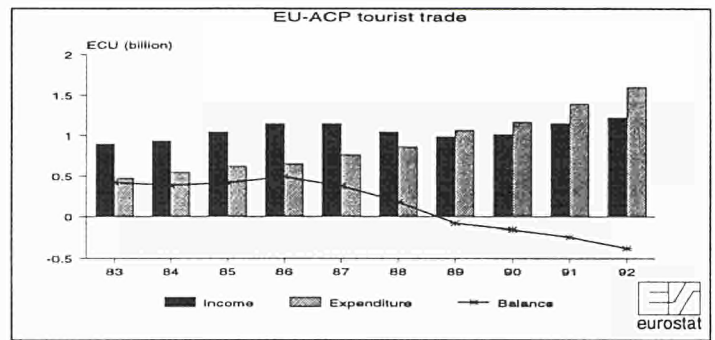
(*) The countries classified as "developing countries" are detailed under point [2] in the Bibliography.

The European Union now has a deficit in its tourist trade with the ACP countries

EU tourist expenditure in the ACP countries is increasing every year and more than trebled between 1983 and 1992, going up from ECU 0.5 billion to 1.6 billion. Over the same period, there was only a very slight rise in income from tourism, which stands at around ECU 1 billion.

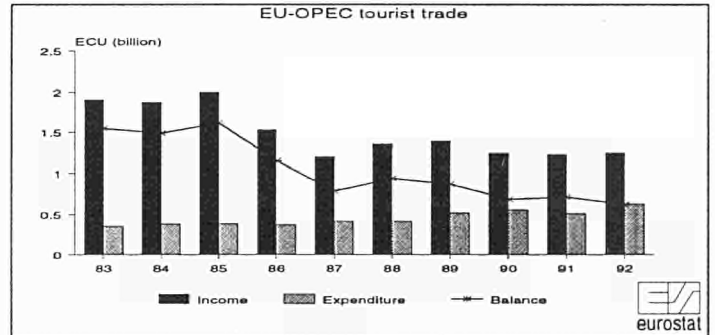
The EU had a surplus up until 1988, but the reverse has been true since 1989. This trend became apparent in 1986 and the balance has steadily deteriorated ever since.

It should be noted that the different Lomé agreements, particularly Lomé IV (from 1990-1995), have provided a substantial amount of EU support for the development of tourism in the ACP countries.



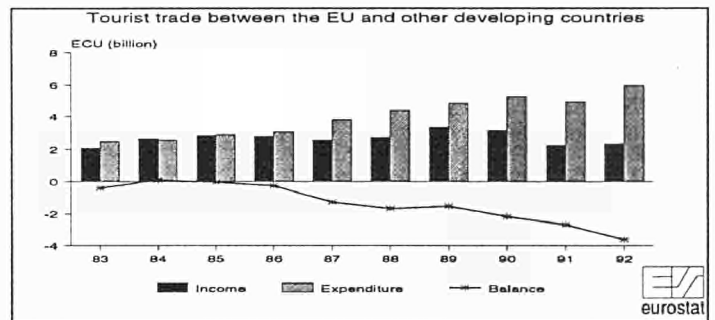
The EU's large surpluses with the OPEC countries are on a downward spiral

In 1983, the OPEC countries accounted for 40% of the EU's income from tourists from developing countries, i.e. around ECU 2 billion. In 1992, they contributed only 27% or just over ECU 1 billion. This fall in income is the reason for the drop in the EU's surplus, since whereas income in 1983 was five times the level of expenditure by EU tourists in OPEC countries, it was only twice as much in 1992.



The EU's deficit with other developing countries is widening

"Other developing countries" are responsible for half the EU's income from tourists and receive three-quarters of EU expenditure on tourism with developing countries. Between 1983 and 1992 the EU's cover ratio fell from 84% to 39%.



REMARKS

The EU's tourist trade with former State-trading countries has remained at a relatively low level, accounting for barely 1% of all EU income from tourism with the Extra-EU and receiving just 3% of EU expenditure on tourism. The EU has a structural deficit, but the tourist trade is going through a period of very rapid change.

At a methodological level, the lack of data and absence of uniform concepts, particularly for statistics on tourist arrivals, make it difficult to carry out comparisons and aggregates.

The WTO data are therefore purely for guidance purposes.

The data provided under the tourism heading in the current balance are given in current values. The real trends would need to take account of inflation and differences in exchange rates.

Besides, the Intra-EU asymmetries have not been corrected.

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