

EU remains a major player in international travel in 2005

Statistics in focus

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Balance of payments

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The European Union as a whole continues to be a major player in international travel. In 2005, EU residents spent more than € 86.5bn outside the EU (compared to € 81.2bn in 2004), making it by far the biggest spender in the world. In terms of travel receipts, the EU is second only to the USA, having earned € 71.0bn in 2005 (€ 66.8bn in 2004). As a result, the EU posted a deficit of € 15.5bn in 2005 (- € 14.4bn in 2004). Spain, France and Italy are the most attractive destinations, while Germany and the United Kingdom are the biggest spenders. About 69% of the EU's total earnings from travel came from transactions between Member States. The major destinations outside the EU for EU residents were the USA, Turkey and Switzerland, while the bulk of EU receipts came from the USA, Switzerland and Norway.

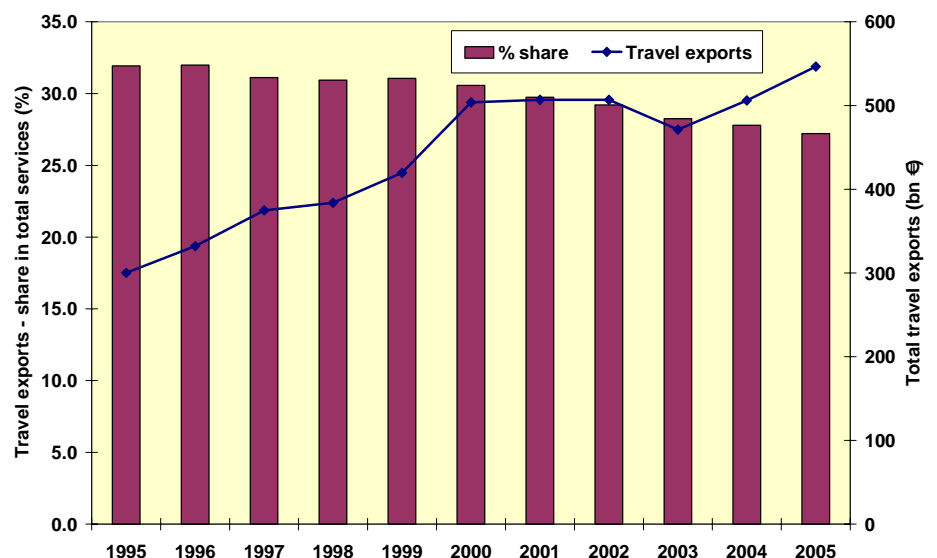
Travel: an important sector for economies

Travel differs from most other internationally traded services in that it is the consumers using travel services who determine their distinctive character. The consumer (or traveller) moves to another economy to obtain goods and services. Thus, unlike most other services, travel is not a specific product, but rather a range of goods and services consumed by travellers (more methodological details are given on page 7).

In the modern world, tourism is firmly established as the number one industry in many countries and the fastest-growing economic sector in terms of foreign exchange earnings and job creation. International tourism is the world's largest earner of foreign exchange and an important factor in the balance of payments of most nations (World Tourism Organisation).

In 2005 worldwide international travel earnings increased by 8% compared to 2004. According to the figures published by the International Monetary Fund (IMF, Balance of Payments Statistics Yearbook, 2006), total world exports in travel increased from € 300.1bn in 1995 to € 546.6bn in 2005, an increase of 82.1% in value terms. However, in the same period the share of travel in total services exports decreased slightly, from 31.9% to 27.2%.

Chart 1: World travel receipts and share in total services exports



Left-hand scale for share of travel in total services in percent, right-hand scale for total travel exports in billion Euro.

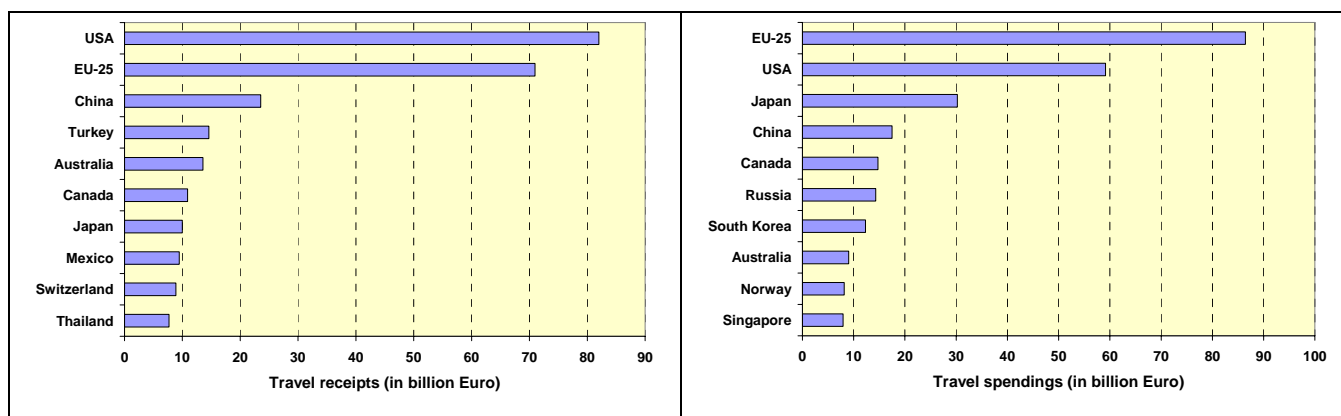
Source: IMF Balance of Payments Statistics, 2006

The EU is the biggest spender and second biggest earner in travel

The EU is the world's biggest spender and second biggest earner in international travel. Travel and tourism expenditures of international travellers account for a significant and growing share of the foreign trade sector of the EU economy. It is generally agreed that tourism is a significant source of employment both in Europe and throughout the world. According to DG Enterprise and Industry of the European Commission, tourism accounts for 4% of the Community's GDP, with about 2 million enterprises employing some 4% of the total labour force (representing approximately 8 million jobs). When the connections with other sectors are taken into account, tourism's contribution to GDP is estimated to be around 11% and it provides employment for more than 12% of the labour force (24 million jobs).

Although intra-Community travel is increasingly facilitated by the Schengen agreements and the introduction of the Euro, the EU-25 has to cope with growing international competitiveness due to the development of transportation and of globalisation. To respond to modern challenges, while making the best use of available resources and taking advantage of all possible synergies, the Commission proposed a renewed European tourism policy in the Communication on "A renewed tourism EU policy: towards a stronger partnership for European Tourism" (COM(2006) 134 final) in March 2006. The main aim of this policy is to improve the competitiveness of the European tourism industry and create more and better jobs through the sustainable growth of tourism in Europe and globally.

Chart 2: World's top 10 earners and spenders in international travel



Source: IMF Balance of Payments Statistics, 2006, Eurostat

In 2005, the EU-25 earned € 71.0bn from foreign travellers, compared to € 66.8bn in 2004 and € 63.8bn in 2003. The spending of EU residents abroad increased at a similar rate, amounting to € 86.4bn in 2005, compared to € 81.3bn in 2004 and

€ 77.3bn in 2003. As a result, the EU has a large and growing deficit with the rest of the world in travel: - € 15.5bn in 2005, up from - € 14.4bn in 2004 and - € 13.4bn in 2003.

Chart 3: EU international transactions in travel with the rest of the world (in billion Euro)



Source: Eurostat

An analysis of the breakdown of EU transactions with the rest of the world (extra-EU transactions) shows that the EU receives considerable amounts of money from travellers from the USA, Switzerland, Norway, Japan, Russia, Canada and Australia. On the other hand, EU residents spend most in the USA, Turkey, Switzerland,

Croatia and Egypt. Thus, for the EU, the USA is the most important country in terms of both receipts and expenditure. The EU has the biggest surplus with Switzerland, USA and Norway while the biggest deficits are with Turkey, Croatia, Egypt and Thailand.

Table 1: EU travel with the rest of the world, receipts, expenditures and balance (in million €)

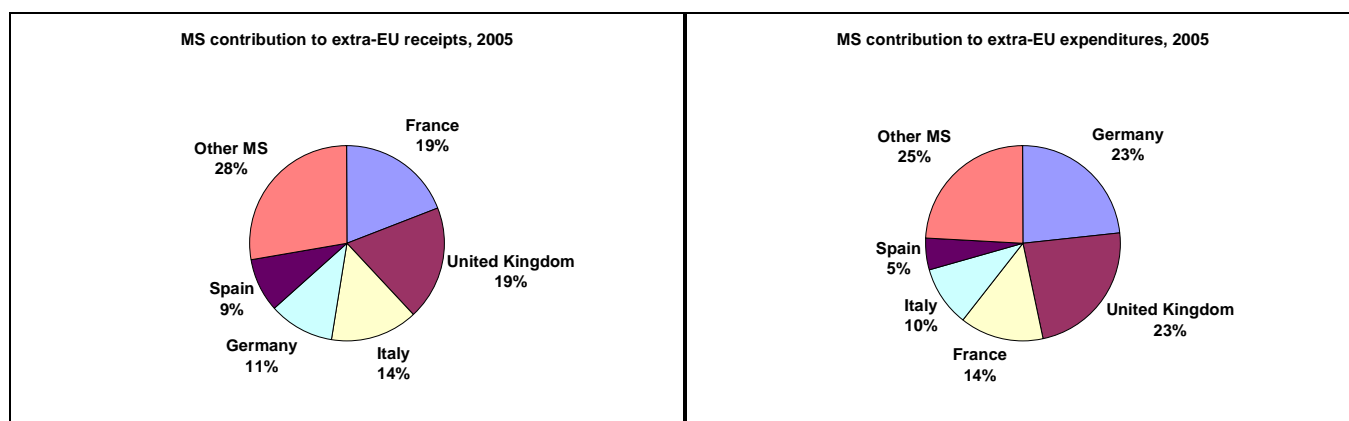
Major source countries	Receipts	Major destinations	Expenditures	Partner countries	Balance
United States of America	21158	United States of America	17115	Switzerland	4503
Switzerland	10926	Turkey	6742	United States of America	4043
Norway	5079	Switzerland	6423	Norway	3049
Japan	2807	Croatia	3131	Japan	1957
Russia	2529	Egypt	2833	Russia	666
Canada	2393	Australia	2740	Taiwan	227
Australia	2335	Canada	2631	South Korea	222
China	1297	China	2303	Israel	210
Romania	1148	Thailand	2202	Hong Kong	204
Brazil	876	Norway	2030	Nigeria	153
Israel	803	Russia	1863	Mexico	-664
Mexico	801	India	1654	Bulgaria	-752
Turkey	754	South Africa	1627	South Africa	-962
Hong Kong	666	Morocco	1512	India	-998
South Africa	665	Mexico	1466	China	-1006
India	656	Romania	1388	Morocco	-1348
Croatia	537	Brazil	1297	Thailand	-1970
South Korea	434	Bulgaria	1171	Egypt	-2519
Bulgaria	420	New Zealand	875	Croatia	-2594
Nigeria	351	Japan	851	Turkey	-5988

Source: Eurostat

Five Member States (France, the United Kingdom, Italy, Germany and Spain) account for 72% of total extra-EU receipts from travel services. France and the United Kingdom were the biggest earners, with 19% each. On

the other hand, the same five Member States were also responsible for 75% of total EU expenditure. Germany and the United Kingdom - with 23% each - were the biggest spenders.

Chart 4: Member States' contributions to extra-EU travel receipts and expenditures, 2005



Travel has an important place in Member States' trade in services

Travel plays a very important role in trade in services for a large number of Member States. For many countries it is also seen as a key instrument for regional development, as it stimulates new economic activities.

In 2005, out of all Member States, Spain recorded the highest surplus in travel, with € 26.4bn. Other countries with a large surplus in travel were Italy, France and Greece. Deficits were largest in Germany and the UK (- € 35.0bn and - € 23.3bn respectively).

Table 2: Member States' trade in travel with rest of the world, 2005 (in million Euro)

Reporter	Abbreviation	Receipts	Expenditures	Balance
Spain	ES	38495	12125	26370
Italy	IT	28400	17960	10440
France	FR	33981	25071	8910
Greece	EL	11037	2446	8591
Portugal	PT	6375	2473	3902
Austria	AT	12432	8883	3549
Czech Republic	CZ	3725	1940	1785
Poland	PL	5056	3507	1549
Cyprus	CY	1875	750	1125
Hungary	HU	3427	2343	1084
Slovenia	SI	1448	770	679
Luxembourg	LU	2906	2398	508
Estonia	EE	765	360	405
Malta	MT	610	216	394
Slovakia	SK	972	680	293
Lithuania	LT	742	599	143
Latvia	LV	279	475	-197
Finland	FI	1757	2461	-704
Ireland	IE	3813	4882	-1069
Denmark	DK	3978	5196	-1218
Sweden	SE	5964	8669	-2705
Belgium	BE	7929	11940	-4011
Netherlands	NL	8421	12996	-4575
United Kingdom	UK	24668	47976	-23308
Germany	DE	23474	58430	-34956

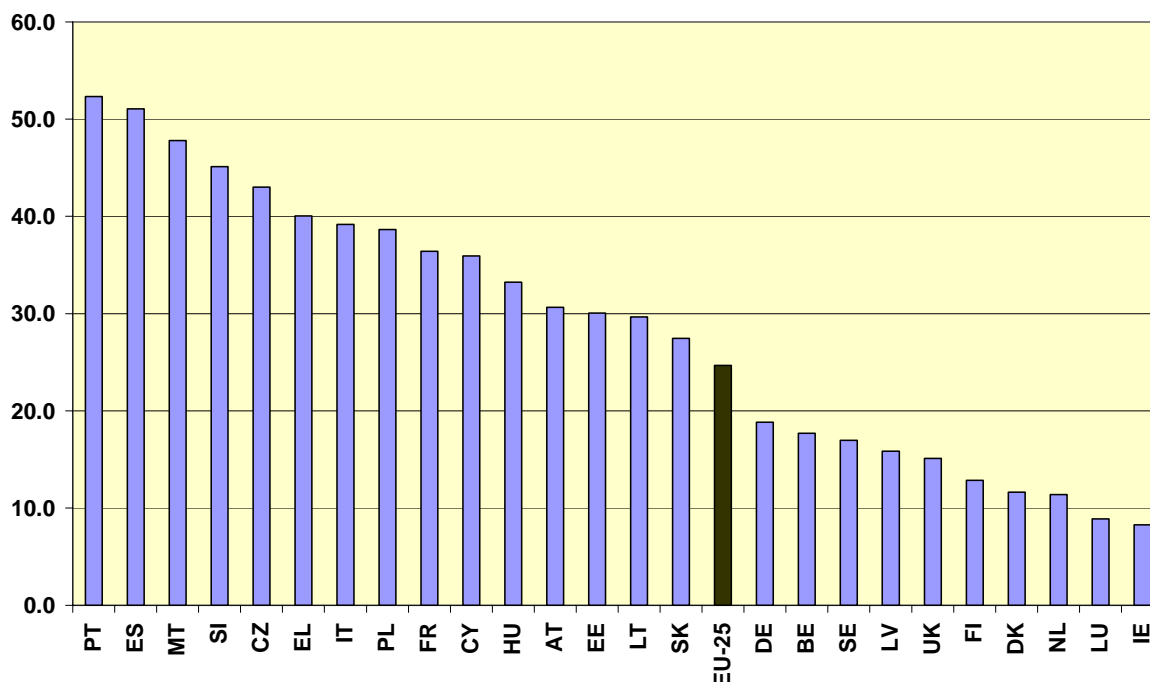
Ordered according to balance in 2005

Source: Eurostat

Portugal and Spain are the two Member States where earnings from travel account for more than 50% of total exports of services. Other important countries in this respect are Malta, Slovenia and the Czech Republic. In Latvia, the United Kingdom, Lithuania and Germany,

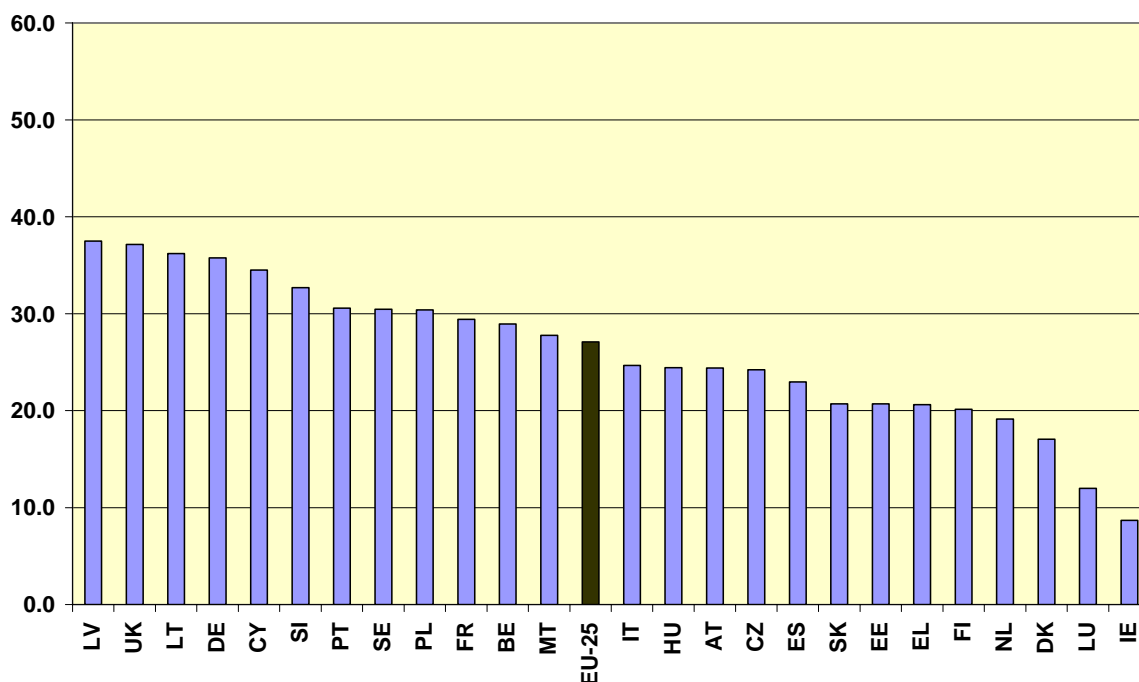
on the other hand, travel accounts for more than 35% of all expenditures in services. Sum of all Member States figures in table 2 corresponds to sum of intra- and extra-EU-25 trade.

Chart 5: Travel receipts as % of total services exports



Source: Eurostat

Chart 6: Travel expenditures as % of total services imports



Source: Eurostat

More travel between Member States than outside the EU

Travel to other Member States is more frequent than travel to third countries. More than 69% of total receipts are generated by travellers from other Member States.

In 2005, Member States earned €161.6bn from travellers coming from other Member States, an increase of 3.8% in value terms over 2004. The corresponding value of receipts from travellers coming from countries outside the EU was €71.0bn.

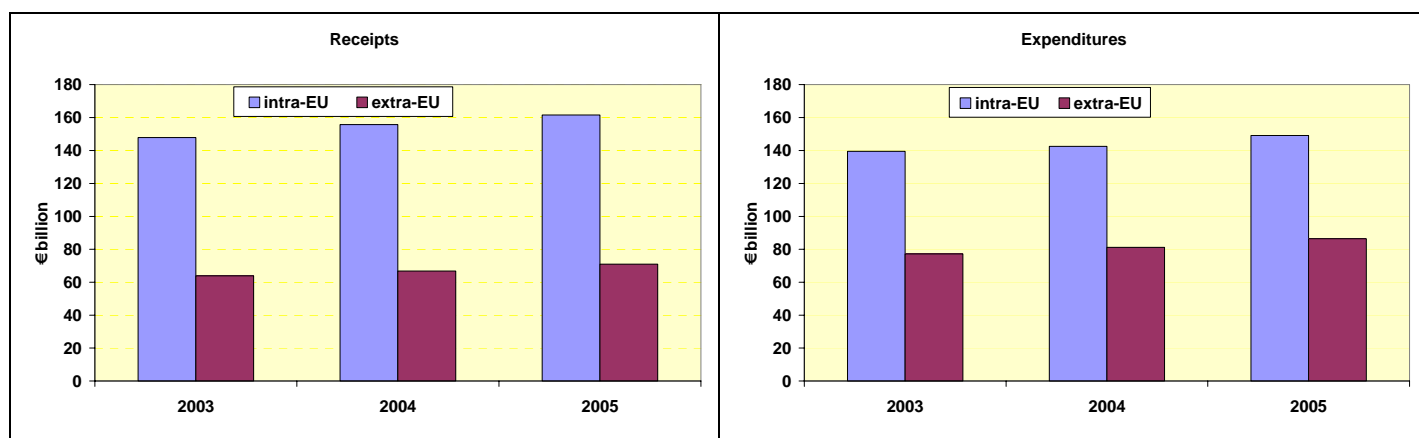
In terms of expenditures, the intra-EU share is more than 63%. In 2005, the residents of the EU Member States spent € 149.1bn in other Member States. Owing

to asymmetries in bilateral statistics, total intra-EU receipts are not equal to total intra-EU expenditures. For details, see "Asymmetries in EU current account data", Eurostat Working Papers and Studies, 2006.

On the other hand, EU residents spent € 86.5bn in non-EU countries.

For the residents of the EU the major destinations within the Community are Spain, France, Italy, Germany, the United Kingdom and Austria. These six countries account for 67% of total intra-EU travel earnings.

Chart 7: Intra-EU and Extra-EU receipts and expenditures, in €billion



Source: Eurostat

Inbound tourism in the EU

According to the Eurostat database, in 2005, a total of almost 240 million foreign tourists (*for a definition of tourists and the difference between travel and tourism, see the methodological notes on page 7*) spent about 880 million nights in the EU-25 Member States (including intra-EU and extra-EU tourists, but excluding domestic tourists). On average, each tourist stays 3 to 4 nights in the country visited. Spain (with 210 million), Italy (148 million) and France (108 million) reported the highest numbers of non-resident nights in all accommodation establishments, followed by the United Kingdom (82 million) and Austria (70 million).

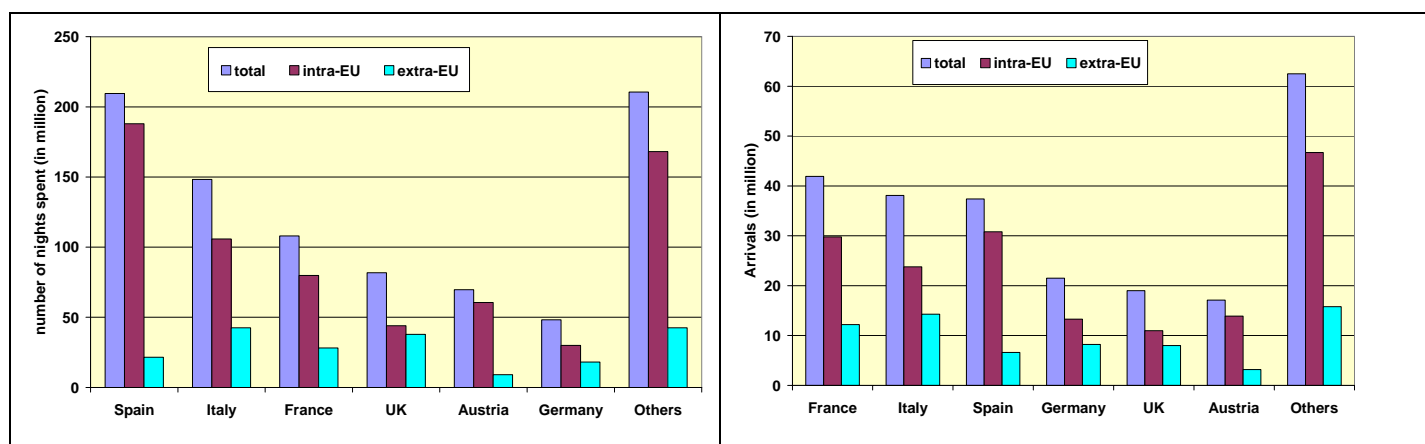
As already mentioned, intra-EU tourism plays a much bigger role as extra-EU tourism for the EU Member States. In 2005, about 68 million tourists from third countries visited the EU (29% of total foreign arrivals) and spent about 200 million nights (23% of total number of nights spent). Italy (21%), France (18%), Germany

(12%), the United Kingdom (12%) and Spain (10%) are the countries most frequently visited.

On the other hand, more than 169 million EU residents visited other Member States in 2005 (71% of total foreign arrivals) and spent 676 million nights (77% of total nights spent). The main destinations for EU tourists are Spain (18%), France (18%), Italy (14%), Austria (8%) and Germany (8%).

It is also interesting to note that three of the Member States are highly dependent on one main inbound market that accounts for more than 50% of total tourist nights – they are: Cyprus (UK tourists account for 56% of inbound tourist nights), Austria (German tourists account for 55%) and Estonia (Finnish tourists account for 53%) – for details, see Ulrich Spörel, *Inbound and outbound tourism in Europe, Statistics in Focus, 52/2007, Eurostat*.

Chart 8: Total arrivals and number of nights spent in the EU



Source: Eurostat

Growing importance of travel to and from China

The emergence of China as an important economic power is also reflected in travel statistics. The increase in spending by Chinese travellers in the EU, as well as by EU travellers in China, continued unabated in 2005.

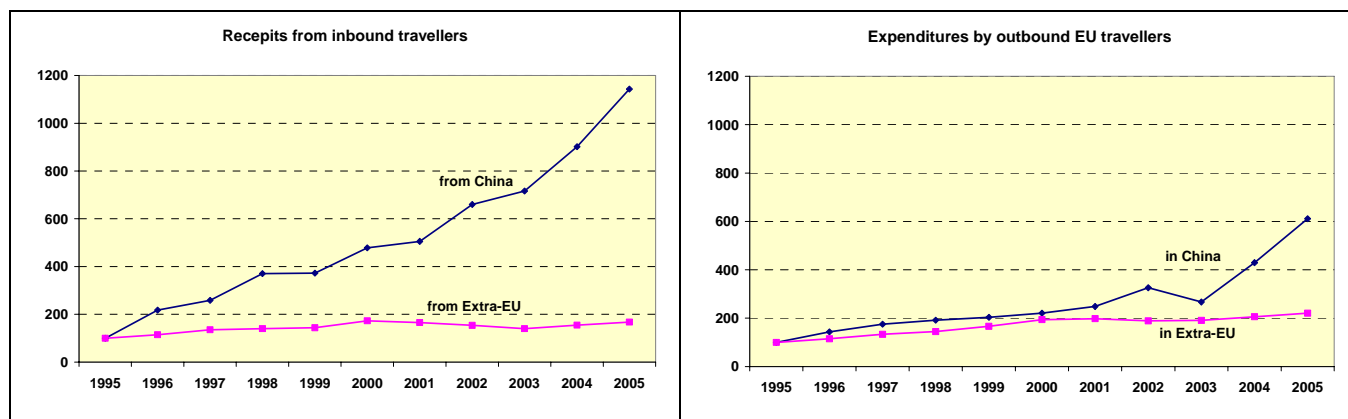
Whereas in 2005 China accounted for only 1.6% of total EU receipts from extra-EU countries and 2.3% of total EU-25 expenditures in third countries, in recent years the rate of growth has been very high.

EU receipts from Chinese travellers in 2005 were 25.6% higher than in 2004. On the other hand, during the same period, spending by EU travellers increased by 41.7%. In 2005, EU-25 receipts and expenditures amounted to € 1.3bn and € 2.3bn respectively, resulting in a deficit of € 1bn with China.

A much longer time series of travel data with China is available for EU-15. Chart 9 shows that both receipts from Chinese travellers and expenditures of EU travellers in China have undergone a dramatic increase since the mid-1990s. Over the period 1995-2005, EU-15 receipts from and expenditures in third countries doubled. The relationship with China, however, developed much faster, with receipts from Chinese travellers increasing by more than 11 times and expenditures of EU travellers in China by more than six times.

United Kingdom and Germany, respectively, were by far the biggest earners and spenders in travel with China.

Chart 9: Evolution of EU-15 travel to and from China, at current prices (1995=100)



Source: Eurostat

A typical European holiday maker...

... comes from a northern country (Germany, UK or Benelux) - in summer he/she usually spends about 2 weeks in Spain, France or Italy - in winter it is usually one week in Spain, France, Germany or Austria - prefers to travel with his/her own car and stays in private accommodation and independently arranges the holidays. He/She prefers to make two shorter holidays instead of one longer ("How Europeans go on holiday", Statistics in Focus, 18/2006).

➤ Essential information – Methodological notes

The data used in this issue of Statistics in Focus are from Eurostat Balance of Payments statistics and Tourism statistics (unless otherwise indicated).

The Balance of Payments of the European Union is compiled as the sum of the harmonised balance of payments accounts of the Member States. The balance of payments of the EU Institutions is added to the European Union aggregate.

The methodological framework is that of the fifth edition of the International Monetary Fund Balance of Payments Manual (BPM5).

Travel covers the goods and services acquired from an economy by travellers during visits of less than one year in that economy. Excluded is the international carriage of travellers, which is covered in passenger services under **transportation**.

On the **credit** side (exports), *travel* covers the **receipts** from all goods and services provided by a resident economy to a non-resident staying less than one year in that economy for any other purpose than (i) being stationed on a military base or being an employee (including diplomats and other embassy personnel) of his/her government, or (ii) being an accompanying dependent of an individual mentioned under (i).

On the **debit** side (imports), *travel* records **expenditure** of the same type spent abroad by residents displaying the same characteristics. Expenditures made in the economy of the employing enterprise by seasonal and border workers are included under *travel*. The one-year rule does not apply to students or patients receiving health care abroad, who remain residents of their economy of origin even if the length of the stay in another economy is one year or more.

The most common **goods and services** entered in *travel* are lodging, food and beverages, entertainment and transport within the

economy visited – all of which are consumed within the providing economy – and gifts, souvenirs and articles purchased for travellers' own uses and taken out of the economies visited.

Eurostat, the World **Tourism** Organisation and the OECD identify tourism as "the activities of those persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". Similarly, a **visitor** is "any person travelling to a place other than his/her usual environment for less than twelve months and whose main purpose of trip is other than the exercise of an activity remunerated from within the place visited".

Therefore the BPM5 and the tourism statistics definitions differ as regards **students and medical patients** (considered as residents of their home economies in BPM5, and as visitors in tourism statistics), and the **expenditure of border and seasonal workers** (included under travel in BPM5, but excluded in tourism statistics which does not consider as visitors all individuals who move to another economy primarily for the purpose of earning income).

Arrivals: In tourism statistics one person visiting the same country several times during the year is counted each time as a new arrival. Likewise, the same person visiting several countries during the same trip is counted each time as a new arrival.

Nights spent by residents and non-residents: A night spent (or overnight stay) is each night that a guest actually spends (sleeps or stays) or is registered (his/her physical presence there being unnecessary) in a collective accommodation establishment or in private tourist accommodation. Overnight stays are calculated by country of residence of the guest and by month.

Further information:

Data: [Eurostat website / Economy and finance / Data](#)

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