

# WORLD TRAVEL & TOURISM COUNCIL

## Morocco

TRAVEL & TOURISM  
A WORLD OF OPPORTUNITY

The 2003 Travel & Tourism Economic Research



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Henry Silverman Chairman & CEO Cendant Corporation				

# WORLD TRAVEL & TOURISM COUNCIL

THE WORLD TRAVEL & TOURISM COUNCIL (WTTC) IS THE BUSINESS LEADERS' FORUM FOR TRAVEL & TOURISM, WORKING WITH GOVERNMENTS TO RAISE AWARENESS OF THE IMPORTANCE OF THE WORLD'S LARGEST GENERATOR OF WEALTH AND JOBS.

With the Chief Executives of more than one hundred of the world's leading companies in membership, WTTC has a unique mandate and overview on all matters related to success in Travel & Tourism.

This 2003 report for Morocco is the third set of Tourism Satellite Accounting research that Oxford Economic Forecasting (OEF) has prepared for WTTC. The first, commissioned in 2001, re-engineered the models previously developed during the 1990s. The second, prepared in 2002, held the research fairly static to provide a much-needed variance analysis for September 11, used to quantify the tragic events of the previous year. Now in 2003, WTTC has taken the opportunity of this third iteration to significantly upgrade and enhance the quality, sophistication and precision of the TSA research. In fact, the improvements are so significant, we are tempted to categorize the 2003 research as the WTTC/OEF TSA 2.0

Beyond the enhancements itemized at the end of this report, this 2003 research updates the historical results, estimates the current performance of Morocco's Travel & Tourism, and provides short and long-term forecasts based on the most recent national and international data sources and econometric models developed by Oxford Econometric Forecasting.

As always, this new TSA research quantifies all aspects of Travel & Tourism demand, from personal consumption to business purchases, capital investment, government spending and exports. It then translates this information into economic concepts of production, such as gross domestic product and employment, which can be compared with other industries and the economy as a whole to provide credible statistical information that will assist in policy and business decision processes.

The message from this report is clear. In 2003, Morocco's Travel & Tourism Industry is expected to generate 6.6 per cent of GDP and 543,196 jobs, while the broader Travel & Tourism Economy is expected to total 12.9 per cent of GDP and 1,042,140 jobs. Looking ahead, the forecast for Travel & Tourism Demand is expected to total 7.2 per cent real growth in 2003, and 5.2 per cent real growth per annum between 2004 and 2013.

This WTTC research quantifies and documents the Travel & Tourism economics for Morocco, the first step towards addressing mission-critical issues such as tourism management, tourism marketing and promotion, tourism infrastructure, taxation, aviation policy and much more.

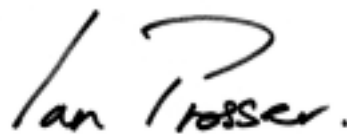
We hope that by raising awareness of previous performance, current conditions and the, as yet unrealized, potential of Travel & Tourism in Morocco, this report will act as a catalyst, encouraging industry and government to continue to work together to create the conditions necessary to realize the industry's true promise.

## The War Scenario

The possibility of a war in Iraq has caused WTTC/Oxford to re-assess this 2003 TSA research. The base case presented in this report reflects the assumption of no war or quick, decisive, and contained military action. The "War Scenario" on Page 18 illustrates the impact vis-à-vis the base case assuming a drawn-out, less decisive, uncontained military action.



Jean-Claude Baumgarten  
President, World Travel & Tourism Council



Sir Ian Prosser  
Chairman, World Travel & Tourism Council  
Chairman, Six Continents Hotels & Resorts PLC

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# ECONOMIC IMPACT

IN 2003, MOROCCO'S TRAVEL & TOURISM IS EXPECTED TO GENERATE MAD72.3 BILLION (US\$6,197.6 MILLION) OF ECONOMIC ACTIVITY (TOTAL DEMAND). THE INDUSTRY'S DIRECT IMPACT INCLUDES:

543,196

jobs....representing 5.8 per cent of total Employment.

MAD 30.1

billion (US\$2,581.5 million)....of Gross Domestic Product (GDP) equivalent to 6.6 per cent of total GDP.

HOWEVER, SINCE TRAVEL & TOURISM TOUCHES ALL SECTORS OF THE ECONOMY, ITS REAL IMPACT IS EVEN GREATER. MOROCCO'S TRAVEL & TOURISM ECONOMY DIRECTLY AND INDIRECTLY ACCOUNTS FOR:

1,042,140

jobs....representing 11.1 per cent of total Employment.

MAD 58.7

billion (US\$5,032.8 million)....of Gross Domestic Product (GDP) equivalent to 12.9 per cent of total GDP.

MAD 33.5

billion (US\$2,866.5 million) of Exports, services & merchandise....or 23.7 per cent of total Exports.

MAD 14.6

billion (US\$1,250.9 million) of Capital Investment....or 13.4 per cent of total investment.

MAD 3.1

billion (US\$263.3 million) of Government Expenditures....or 3.5 per cent share.

# GROWTH

IN 2003, TRAVEL & TOURISM IN MOROCCO IS FORECAST TO SEE REAL GROWTH (REAL DECLINE) OF:

**7.2%** ...in total Travel & Tourism Demand to MAD72.3 billion (US\$6,197.6 million) .

**9.8%** ...in Travel & Tourism Industry GDP to MAD30.1 billion (US\$2,581.5 million) for the industry directly and 8.1 per cent to MAD 58.7 billion (US\$5,032.8 million) for the Travel & Tourism Economy overall (direct and indirect expenditures).

**7.5%** ...in Travel & Tourism Industry Employment (direct impact only), to 543,196 jobs, and 5.9 per cent to 1,042,140 jobs in the Travel & Tourism Economy overall (direct and indirect).

OVER THE NEXT TEN YEARS, MOROCCO'S TRAVEL & TOURISM IS EXPECTED TO ACHIEVE ANNUALIZED REAL GROWTH (REAL DECLINE) OF:

**5.2%** ...in total Travel & Tourism Demand to MAD149.0 billion (US\$12,891.9 million) in 2013.

**6.2%** ...in total Travel & Tourism GDP, to MAD67.8 billion (US\$5,864.3 million) in 2013 for the industry directly and to MAD123.8 billion (US\$10,709.3 million) for the Travel & Tourism Economy overall.

**4.3%** ...in Travel & Tourism Employment, to 824,439 jobs directly in the industry, and 3.6 per cent to 1,485,370 jobs in the Travel & Tourism Economy overall in 2012.

**6.1%** ...in Visitor Exports, rising to MAD68.0 billion (US\$5,882.3 million) by 2013.

**3.3%** ...in terms of Capital Investment, increasing to MAD25.1 billion (US\$2,171.8 million) in 2013.

**3.9%** ...in terms of Government Expenditures to MAD5.6 billion (US\$481.9 million) in 2013.

# TRAVEL & TOURISM SATELLITE ACCOUNT

## TOURISM SATELLITE ACCOUNTING

THIS REPORT FOLLOWS THE CONCEPT OF SATELLITE ACCOUNTING DEFINED IN THE TOURISM SATELLITE ACCOUNT: RECOMMENDED METHODOLOGICAL FRAMEWORK (TSA:RMF), AND DEVELOPED UNDER THE AUSPICES OF THE WORLD TOURISM ORGANIZATION.

Over the last three decades, countries have estimated the economic impact of Travel & Tourism through a range of measures using a variety of definitions and methodologies. Such approaches have prevented meaningful comparisons among nations. Even for the same nation over different periods of time, they have frustrated business and government attempts to draw valid conclusions about the nature and course of Travel & Tourism demand in national economies. This regime has obscured the substantial, positive role the industry plays in national economies and has thwarted business and government attempts to optimize economic programmes and policies.

The World Travel & Tourism Council (WTTC) recognized the dearth of crucial Travel & Tourism intelligence from the time of its establishment in 1990 and it published the first detailed estimates of world tourism's economic impact that same year.

Since then WTTC has worked to improve its methodologies and to encourage individual countries to enhance their measurement and understanding of tourism's impact on their national economies. Furthermore, in the spirit of joining forces to enhance world comprehension of the role of Travel & Tourism in national economies, WTTC has strongly supported the programmes of the World Tourism Organization (WTO) to improve tourism statistics worldwide.

### WTTC'S RESEARCH

WTTC and its economic consultants/research partners – Oxford Economic Forecasting, (OEF), since 1999, and Global Insight (previously known as DRI•WEFA), from 1990-1999, have developed and published research on the economic contribution of Travel & Tourism to the world, regional and national economies.

Starting in 1990, WTTC's research team has been working to develop practical, real-world models to illustrate Travel & Tourism's economic contribution based on the needs of private sector leaders, public sector policy-makers and industry researchers, and on the interpretation of the system of national accounts. The research is now firmly anchored in the international standard for tourism satellite accounting that was developed by WTO, OECD and Eurostat, and approved by the United Nations Statistical Commission in 2000. It was launched at the TSA Conference held in Vancouver in May 2001 and published as the Tourism Satellite Account: Recommended Methodological Framework (TSA:RMF) in 2001.

Since 1999, WTTC's research has assumed the conceptual framework of the UN-approved standard with a number of discretionary extensions, and it combines the most sophisticated economic modelling and forecasts available with the most up-to-date, publicly available data to generate a comprehensive implementation of Travel & Tourism satellite accounting.

The 2003 update of the WTTC TSA research is the third annual update undertaken for WTTC by OEF. In carrying out the work, OEF has drawn extensively on the methodology developed over the years by WTTC to develop TSAs as operational tools. However, it has also taken the opportunity in a number of areas to review and enhance the modelling techniques, assumptions used and data sources applied.



# WTTC'S APPROACH TO TSA RESEARCH

WTTC HAS ENDEAVOURED TO IMPLEMENT AND PRODUCE THE MOST COMPREHENSIVE TSA PROVIDED FOR WITHIN THE TSA:RMF, BY DEVELOPING THE NARROW CONCEPT OF THE 'TRAVEL & TOURISM INDUSTRY' IN ADDITION TO THE BROADER CONCEPT OF THE 'TRAVEL & TOURISM ECONOMY'.

WTTC advocates full implementation of the TSA as defined in the TSA:RMF in order to achieve the highest level of benefits for industry and governments. These include:

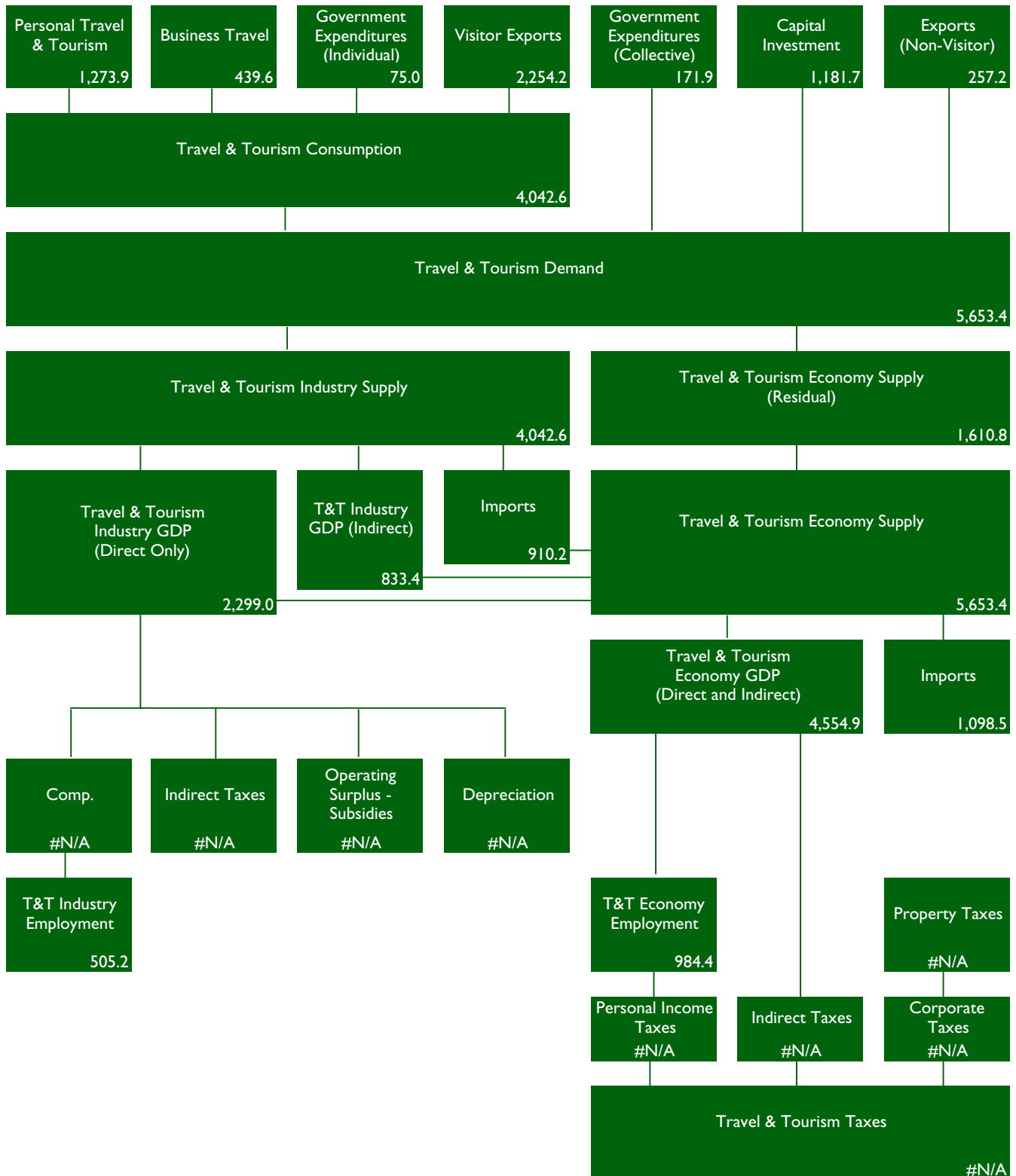
- A wealth of customer and consumer information on tourism-related purchases (before, during and after trips – whether domestic or international, imported or exported – as well as services, durables and non-durables) that has never been identified until now;
- Comprehensive documentation and analysis of the full tourism-product service chain and government's ability to deliver quality and timely service to visitors;
- Linkages between Travel & Tourism and other sectors of the economy such as agriculture and manufacturing to illustrate the flow-through of spending;
- Complete outlook for public works that benefit visitors and Travel & Tourism companies in order to leverage public sector plans and priorities for growth;
- Focused opportunities for domestic production, as well as incentives from the public sector, to aid in the growth of businesses that help alleviate trade balance issues;
- Demand- and supply-side information on employment that allows for human resource planning and development.

WTTC has worked towards developing a comprehensive TSA – not because it is eager to exaggerate the size of Travel & Tourism's impact, but because the information that can be garnered from the exercise by governments and industry is crucial for making intelligent and informed policy and business decisions. WTTC believes that history will document its pioneering implementation of the simulated TSA as one of the most important turning points for Travel & Tourism's long overdue economic recognition.

In the WTTC research, no country receives special treatment or favours. WTTC uses internationally available data sources and the same scope of tourism satellite accounting for all countries, as well as the same basic assumptions through the same system of models. WTTC's TSA research utilizes a universal and internally consistent modelling framework and generates harmonized results and forecasts for more than 160 countries around the world. Details of the methodology used by WTTC/OEF in its TSA research are available on WTTC's website ([www.wttc.org](http://www.wttc.org)).

# TSA CONCEPTS & STRUCTURE

(US\$ million, '000 of Jobs)



This Travel & Tourism Satellite Accounting research reflects a comprehensive simulation of the new international standard adopted by the United Nations following the Enzo Paci World Conference on the Economic Impact of Tourism (Nice, France, June 1999), twelve years of model development and TSA experience by WTTC and Oxford Economic Forecasting (OEF), and application of OEF's latest macro-economic forecasts.

### TSA Economic Concepts

The Travel & Tourism Satellite Account is based on a 'demand-side' concept of economic activity, because the industry does not produce or supply a homogeneous product or service like traditional industries (agriculture, electronics, steel, etc). Instead, Travel & Tourism is an industrial activity defined by the diverse collection of products (durables and non-durables) and services (transportation, accommodations, food and beverage, entertainment, government services, etc) that are delivered to visitors. There are two basic aggregates of demand in the TSA:

I **Travel & Tourism Consumption** represents the value of products and services that have been consumed by visitors. It is the basic demand-side aggregate used to construct an explicitly defined production-side 'industry' equivalent for comparison with all other industries. Travel & Tourism Consumption includes:

- **Personal Travel & Tourism**, more formally known as consumer expenditures, which captures spending by economy residents on traditional Travel & Tourism services (lodging, transportation, entertainment, meals, financial services, etc) and goods (durable and nondurable) used for Travel & Tourism activities.
- **Business Travel** by government and industry, which mirrors Personal Travel & Tourism's spending on goods and services (transportation, accommodation, meals, entertainment, etc), but represents intermediate inputs used in the course of business or government work.
- **Government Expenditures (Individual)** by agencies and departments which provide visitor services such as cultural (art museums), recreational (national park) or clearance (immigration/ customs) to individual visitors.
- **Visitor Exports**, which include spending by international visitors on goods and services.

II **Travel & Tourism Demand** builds on Travel & Tourism consumption to include Travel & Tourism products and services associated with residual components of final demand. It is used to construct a broader 'economy-wide' impact of Travel & Tourism. The residual elements of Travel & Tourism demand are:

- **Government Expenditures (Collective)** made by agencies and departments associated with Travel & Tourism, but generally made on behalf of the

community at large, such as tourism promotion, aviation administration, security services and resort area sanitation services.

- **Capital Investment** by Travel & Tourism providers (the private sector) and government agencies (the public sector) to provide facilities, equipment and infrastructure to visitors.
- **Exports (Non-Visitor)** which include consumer goods sent abroad for ultimate sale to visitors (such as clothing, electronics or petrol) or capital goods sent abroad for use by industry service providers (such as aircraft or cruise ships).

By employing input/output modelling separately to these two aggregates (Travel & Tourism Consumption and Travel & Tourism Demand), the Satellite Account is able to produce two different and complementary aggregates of **Travel & Tourism Supply**: the **Travel & Tourism Industry** and the **Travel & Tourism Economy**. The former captures the explicitly defined production-side 'industry' equivalent, direct impact only, for comparison with all other industries, while the latter captures the broader 'economy-wide' impact, direct and indirect, of Travel & Tourism. Through this process, the Satellite Account is also able to determine that portion of supply, which it **Imports** from abroad.

Next, the satellite account breaks down both aggregates of supply (Industry and Economy) into the direct and indirect impacts of **Gross Domestic Product (GDP)**, the main descriptor of economic production, as well as the various components of GDP (**Wages & Salaries, Indirect/Transaction Taxes, Operating Surplus, Depreciation and Subsidies**). Beyond the regular TSA accounts, a separate analysis is also provided of **Personal Income Taxes** paid by Travel & Tourism generated employment and **Corporate and Property Taxes** paid by Travel & Tourism companies. Finally, one of the most important elements of the Travel & Tourism Satellite Account are the Employment results, which can now be quantified for the basic Travel & Tourism Industry and the broader Travel & Tourism Economy.

- **T&T Industry Employment** generally includes those jobs with face-to-face contact with visitors (airlines, hotels, car rental, restaurant, retail, entertainment, etc).
- **T&T Economy Employment** includes T&T Industry Employment plus those faceless jobs associated with:
  - Industry suppliers (airline caterers, laundry services, food suppliers, wholesalers, accounting firms, etc).
  - Government agencies, manufacturing and construction of capital goods and exported goods used in Travel & Tourism.
  - Supplied commodities (steel producers, lumber, oil production, etc).

# TRAVEL & TOURISM'S ECONOMIC IMPACT

TRAVEL & TOURISM – ENCOMPASSING TRANSPORT, ACCOMMODATION, CATERING, RECREATION AND SERVICES FOR VISITORS – IS ONE OF THE WORLD'S HIGHEST PRIORITY INDUSTRIES AND EMPLOYERS.

**In Morocco, Travel & Tourism's economic impact includes:**

## **Total Demand**

Travel & Tourism is expected to generate MAD72.3 billion (US\$6,197.6 million) of economic activity (Total Demand) in year 2003, growing (nominal terms) to MAD149.0 billion (US\$12,891.9 million) by 2013. Travel & Tourism Demand is expected to grow by 5.2% per annum, in real terms, between 2003 and 2013.

## **Gross Domestic Product - Travel & Tourism Industry**

The T&T Industry is expected to contribute 6.6 per cent to Gross Domestic Product (GDP) in 2003 (MAD30.1 billion or US\$2,581.5 million), rising in nominal terms to MAD67.8 billion or US\$5,864.3 million (8.5 per cent of total) by 2013.

## **Gross Domestic Product - Travel & Tourism Economy**

The T&T Economy contribution (percent of total) should rise from 12.9 per cent (MAD58.7 billion or US\$5,032.8 million) to 15.6 per cent (MAD123.8 billion or US\$10,709.3 million) in this same period.

## **Employment**

In 2003, T&T Economy employment is estimated at 1,042,140 jobs or 11.1 per cent of total employment, which is 1 in every 9.0 jobs. By 2013, this should total 1,485,370 jobs, 13.5 per cent of total employment or 1 in every 7.4 jobs. The 543,196 T&T Industry jobs account for 5.8 per cent of total employment in 2003 and are forecast at 824,439 jobs or 7.5 per cent of the total by 2013.

## **Exports**

Travel & Tourism is expected to generate 23.7 per cent of total exports (MAD33.5 billion or US\$2,866.5 million) in 2003, growing (nominal terms) to MAD72.9 billion or US\$6,307.8 million (29.3 per cent of total)

## **Capital Investment**

Capital investment is estimated at MAD14.6 billion, US\$ 1,250.9 million or 13.4 per cent of total investment in year 2003. By 2013, this should reach MAD25.1 billion, US\$ 2,171.8 million or 13.2 per cent of total.

## MOROCCO ESTIMATES AND FORECASTS

Morocco	2003			2013		
	MAD bn	% of Tot	Growth <sup>1</sup>	MAD bn	% of Tot	Growth <sup>2</sup>
Personal Travel & Tourism	16.1	5.6	5.8	32.8	6.6	5.1
Business Travel	5.1	---	-2.2	12.6	---	7.2
Government Expenditures	3.1	3.5	4.3	5.6	3.6	3.9
Capital Investment	14.6	13.4	3.5	25.1	13.2	3.3
Visitor Exports	30.3	21.5	12.8	68.0	27.3	6.1
Other Exports	3.1	2.2	1.5	4.9	2.0	2.5
Travel & Tourism Demand	72.3	---	7.2	149.0	---	5.2
T&T Industry GDP	30.1	6.6	9.8	67.8	8.5	6.2
T&T Economy GDP	58.7	12.9	8.1	123.8	15.6	5.5
T&T Industry Employment	543.2	5.8	7.5	824.4	7.5	4.3
T&T Economy Employment	1,042.1	11.1	5.9	1,485.4	13.5	3.6

<sup>1</sup>2003 Real Growth Adjusted for Inflation (Percent); <sup>2</sup>2004-2013 Annualized Real Growth Adjusted for Inflation (Percent); '000 of Jobs

## NORTH AFRICA ESTIMATES AND FORECASTS

North Africa	2003			2013		
	US\$ mn	% of Tot	Growth <sup>1</sup>	US\$ mn	% of Tot	Growth <sup>2</sup>
Personal Travel & Tourism	7,880.5	5.2	4.9	15,747.0	6.2	5.0
Business Travel	2,293.1	---	-2.8	5,407.7	---	6.8
Government Expenditures	1,561.3	4.1	3.7	2,671.7	4.2	3.4
Capital Investment	7,570.1	14.3	3.9	12,918.0	14.5	3.4
Visitor Exports	11,048.0	15.2	12.6	25,075.0	18.3	6.2
Other Exports	3,984.5	5.5	8.1	6,884.2	5.0	3.9
Travel & Tourism Demand	34,338.0	---	6.8	68,704.0	---	5.0
T&T Industry GDP	12,482.0	4.8	7.9	26,767.0	6.2	5.7
T&T Economy GDP	27,977.0	10.8	6.7	55,438.0	12.8	4.9
T&T Industry Employment	2,103.8	4.9	5.9	3,044.9	6.4	3.8
T&T Economy Employment	4,300.3	10.0	4.8	5,835.8	12.3	3.1

<sup>1</sup>2003 Real Growth Adjusted for Inflation (Percent); <sup>2</sup>2004-2013 Annualized Real Growth Adjusted for Inflation (Percent); '000 of Jobs

## WORLD ESTIMATES AND FORECASTS

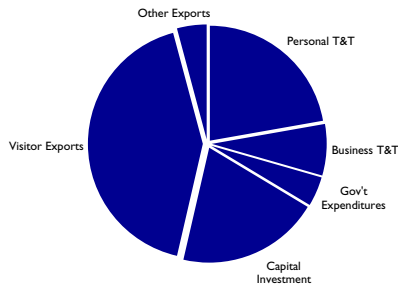
World	2003			2013		
	US\$ mn	% of Tot	Growth <sup>1</sup>	US\$ mn	% of Tot	Growth <sup>2</sup>
Personal Travel & Tourism	2,135,860	9.9	2.2	3,862,270	10.8	3.7
Business Travel	488,765	---	0.6	871,716	---	3.7
Government Expenditures	224,058	3.9	2.8	378,172	4.1	3.0
Capital Investment	685,957	9.6	2.8	1,308,620	10.1	4.3
Visitor Exports	530,912	5.9	3.0	1,332,080	6.0	7.1
Other Exports	478,952	5.3	8.9	1,186,990	5.4	7.2
Travel & Tourism Demand	4,544,240	---	2.9	8,939,730	---	4.6
T&T Industry GDP	1,280,350	3.7	1.1	2,279,200	3.8	3.6
T&T Economy GDP	3,526,850	10.2	2.0	6,461,360	10.8	3.9
T&T Industry Employment	67,441.1	2.6	0.1	83,893.6	2.8	2.2
T&T Economy Employment	194,562.0	7.6	1.5	247,205.0	8.4	2.4

<sup>1</sup>2003 Real Growth Adjusted for Inflation (Percent); <sup>2</sup>2004-2013 Annualized Real Growth Adjusted for Inflation (Percent); '000 of Jobs

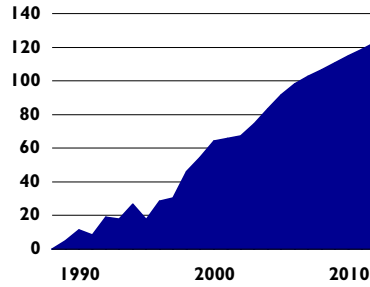
# TSA CHARTS

## TRAVEL & TOURISM DEMAND

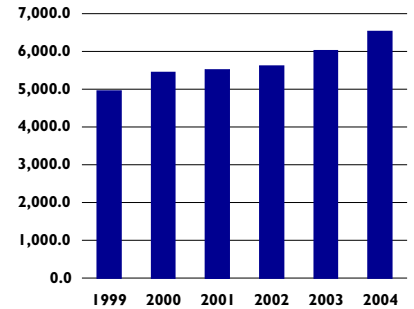
Year 2003 Split



Cumulative Real Growth (%)

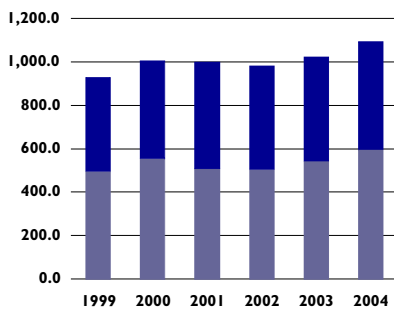


1990 Constant US\$ mn

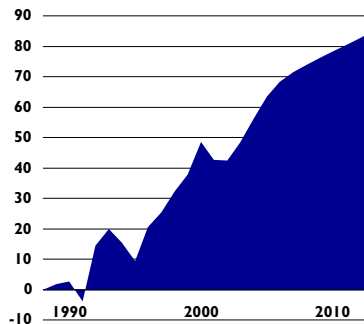


## TRAVEL & TOURISM EMPLOYMENT

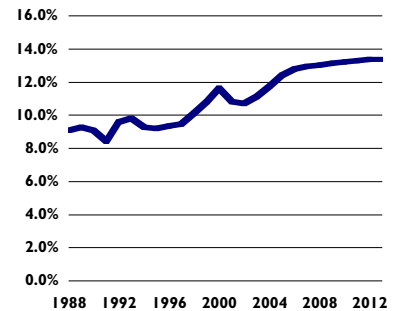
'000 of Jobs



Cumulative Real Growth (%)



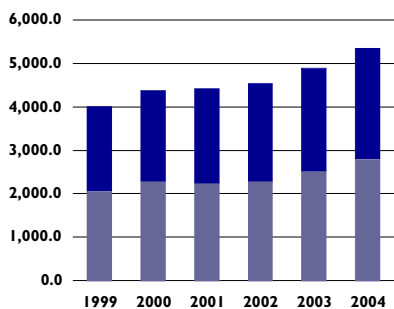
T&T Economy Employment as % of Total Employment



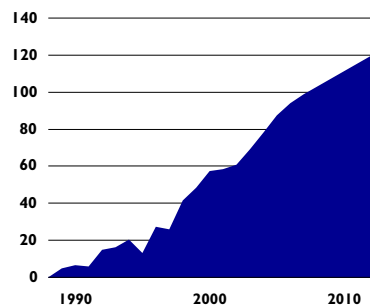
Light Blue Bar is T&T Industry Jobs; Light/Dark Blue Combination is T&T Economy Jobs

## TRAVEL & TOURISM GROSS DOMESTIC PRODUCT

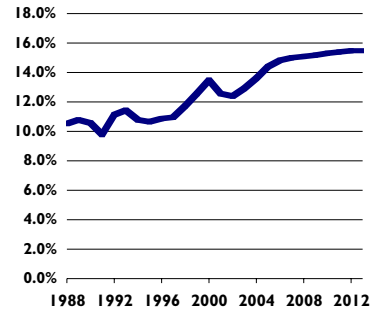
1990 Constant US\$ mn



Cumulative Real Growth (%)



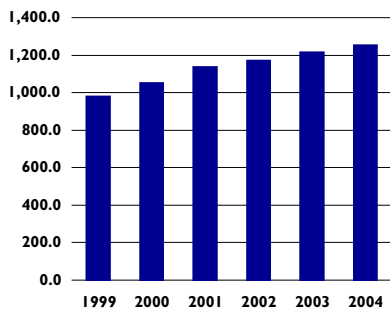
T&T Economy GDP as % of Total GDP



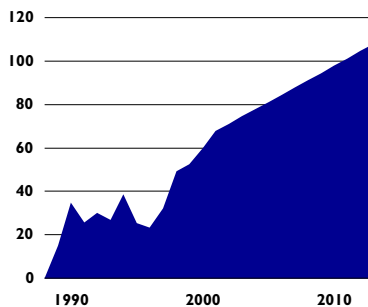
Light Blue Bar is T&T Industry GDP; Light/Dark Blue Combination is T&T Economy GDP

## TRAVEL & TOURISM CAPITAL INVESTMENT

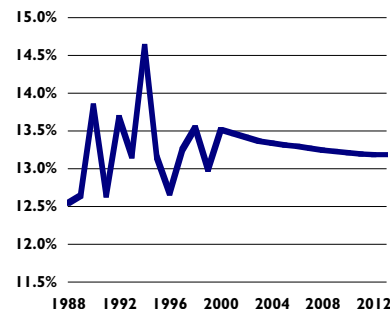
1990 Constant US\$ mn



Cumulative Real Growth (%)

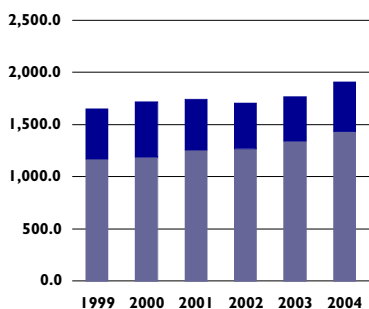


% of Total Capital Investment

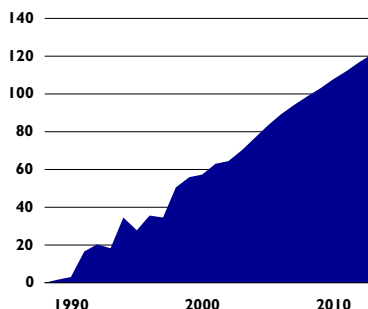


## PERSONAL AND BUSINESS TRAVEL & TOURISM

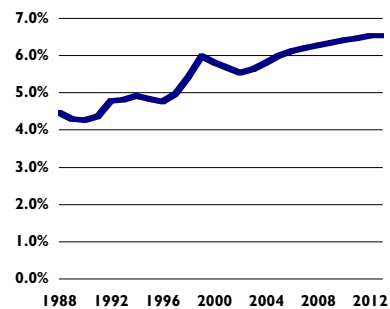
1990 Constant US\$ mn



Cumulative Real Growth (%)



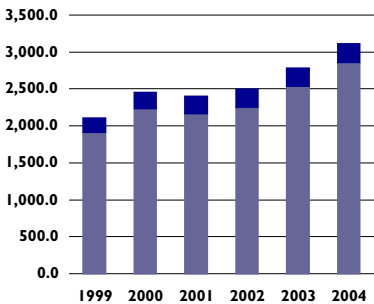
% of Total Personal Consumption



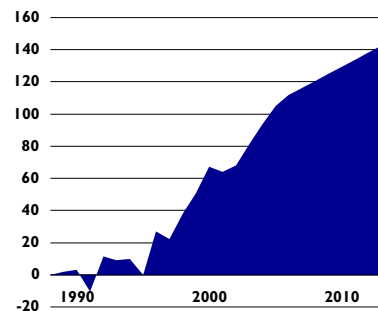
Light Blue Bar is Personal T&T; Dark Blue Bar is Business T&T

## TRAVEL & TOURISM EXPORTS

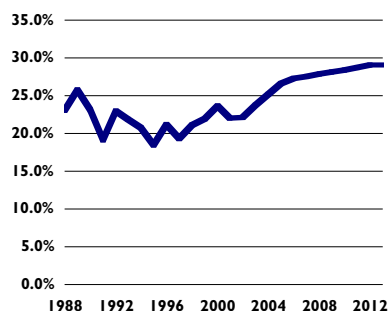
1990 Constant US\$ mn



Cumulative Real Growth (%)



% of Total Exports



Light Blue Bar is Visitor Exports; Dark Blue Bar is Other Exports

# RANKING AND RANGE

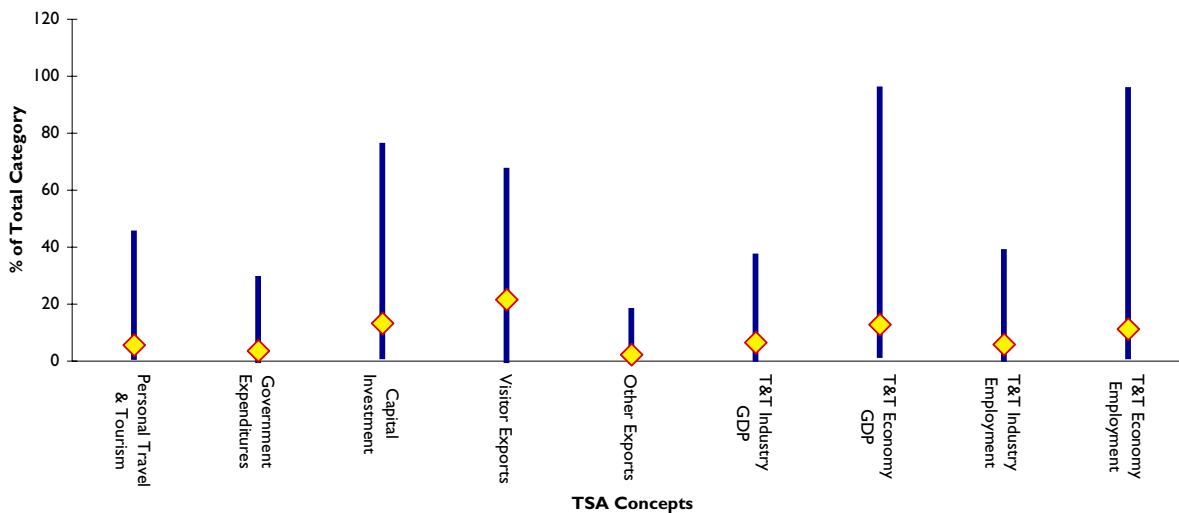
## Year 2003 Country Rankings for Morocco within World Countries List

Morocco	2003			2013		
	Absolute Size	Relative Size	Growth <sup>1</sup>	Absolute Size	Relative Size	Growth <sup>2</sup>
Personal Travel & Tourism	59	97	38	60	101	96
Business Travel	53	---	72	52	---	80
Government Expenditures	48	83	62	48	82	77
Capital Investment	51	70	104	55	74	108
Visitor Exports	41	37	11	43	31	131
Other Exports	69	85	141	76	98	153
Travel & Tourism Demand	51	---	23	52	---	108
T&T Industry GDP	41	26	8	41	30	85
T&T Economy GDP	51	45	16	51	46	96
T&T Industry Employment	23	37	10	20	35	82
T&T Economy Employment	29	55	14	27	56	91

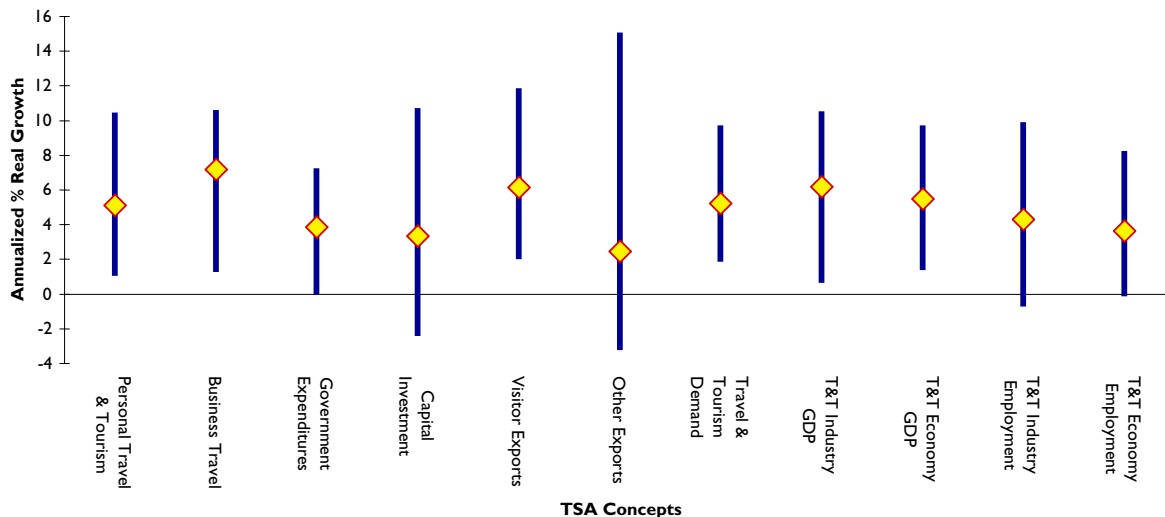
<sup>1</sup>2003 Real Growth Adjusted for Inflation; <sup>2</sup>2004-2013 Annualized Real Growth Adjusted for Inflation

Total 161 Countries or 13 Regions (Largest/Highest/Best is Number 1; Smallest/Lowest/Worst is Number 161 or 13)

## Year 2003 % of Total Estimates for Morocco within World Countries Range



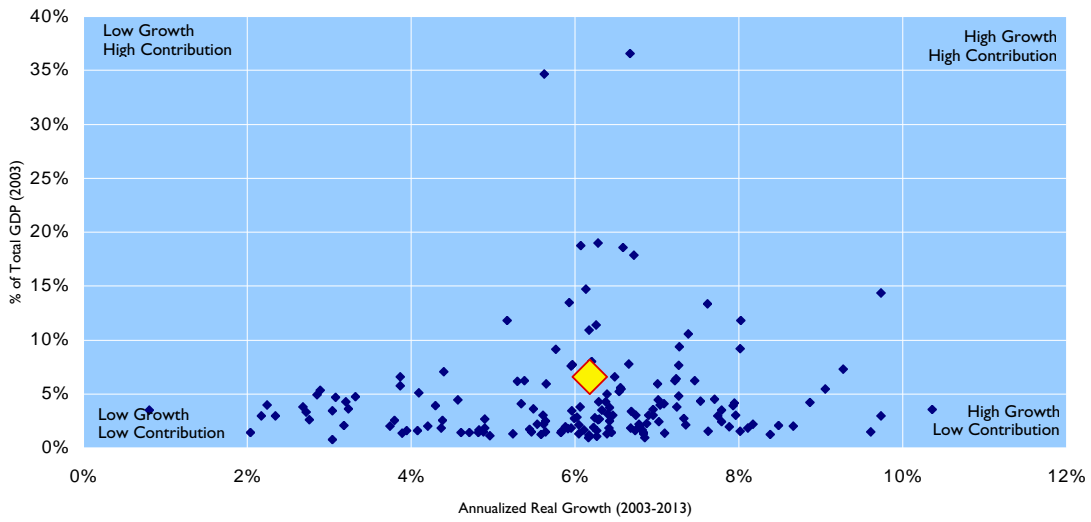
## Ten Year (2004-2013) Growth Estimates for Morocco Within World Countries Range



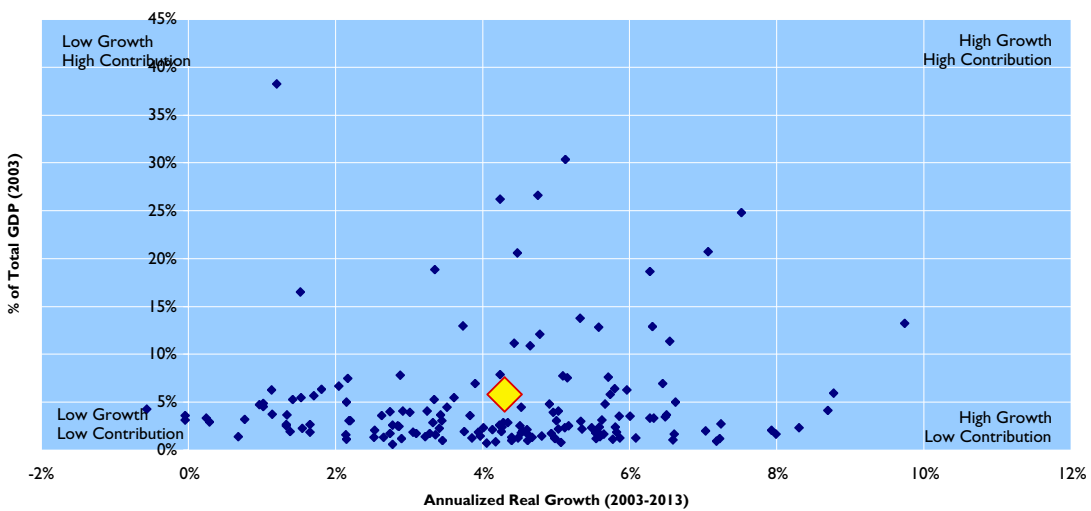


# CONTRIBUTION AND GROWTH

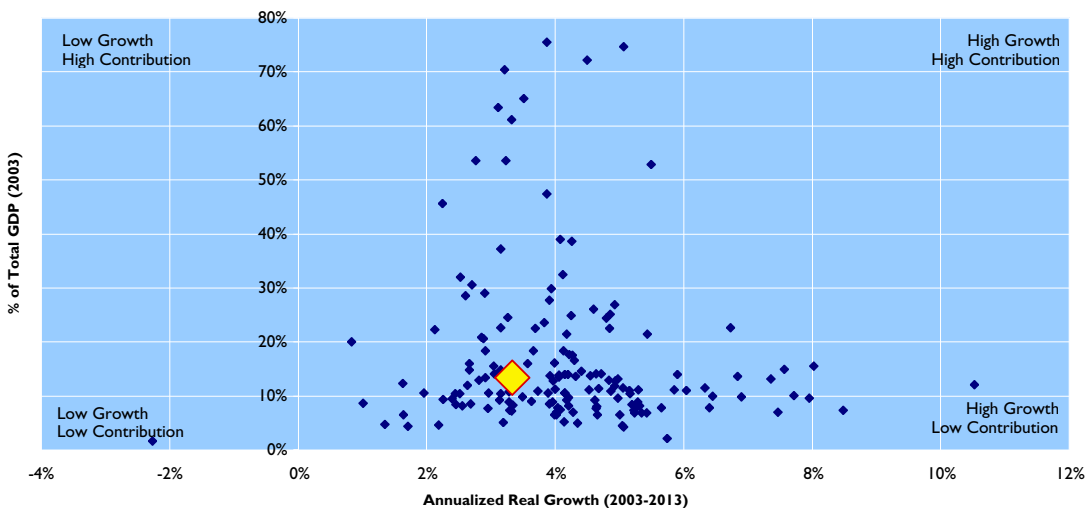
Travel & Tourism Industry GDP Contribution and Growth - All Countries



Travel & Tourism Industry Employment Contribution and Growth - All Countries



Travel & Tourism Capital Investment Contribution and Growth - All Countries



Morocco Data Point Indicated in Yellow and Red

# SATELLITE ACCOUNT TABLES

	1998	1999	2000	2001	2002E	2003E	2013P
<b>Travel &amp; Tourism - MAD billion</b>							
Personal Travel & Tourism	11.92	12.66	12.90	14.24	14.84	16.08	32.84
Business Travel & Tourism	4.65	5.23	5.86	5.64	5.12	5.13	12.58
Corporate	4.00	4.45	4.98	4.79	4.34	4.35	10.69
Government	0.65	0.78	0.88	0.85	0.78	0.78	1.89
Gov't Expenditures - Individual	0.70	0.70	0.71	0.82	0.87	0.93	1.69
Visitor Exports	18.27	20.67	24.28	24.57	26.26	30.34	67.98
<b>Travel &amp; Tourism Consumption</b>	<b>35.54</b>	<b>39.25</b>	<b>43.75</b>	<b>45.26</b>	<b>47.10</b>	<b>52.48</b>	<b>115.10</b>
Gov't Expenditures - Collective	1.60	1.60	1.63	1.87	2.00	2.14	3.88
Capital Investment	10.26	10.64	11.49	12.96	13.77	14.60	25.10
Exports (Non-Visitor)	1.95	2.19	2.55	2.84	3.00	3.11	4.92
<b>Travel &amp; Tourism Demand</b>	<b>49.35</b>	<b>53.68</b>	<b>59.42</b>	<b>62.92</b>	<b>65.86</b>	<b>72.34</b>	<b>148.99</b>
<b>Travel &amp; Tourism Industry Aggregates (Direct Impact Only)</b>							
Employment ('000)	461.52	494.33	553.75	507.72	505.20	543.20	824.44
Gross Domestic Product	20.48	22.33	24.87	25.53	26.78	30.13	67.77
<b>Travel &amp; Tourism Economy Aggregates (Direct and Indirect Impacts)</b>							
Employment ('000)	896.14	946.46	1,046.64	984.73	984.39	1,042.14	1,485.37
Gross Domestic Product	40.42	43.44	47.73	50.34	53.06	58.74	123.77
<b>Travel &amp; Tourism Accounts as % of National Accounts</b>							
Personal Travel & Tourism	5.42	5.98	5.81	5.67	5.54	5.64	6.60
Gov't Expenditures	3.71	3.47	3.45	3.47	3.48	3.49	3.63
Capital Investment	13.54	13.00	13.52	13.47	13.41	13.37	13.18
Exports	21.11	21.94	23.65	22.02	22.13	23.69	29.33
T&T Imports	8.14	8.73	8.77	8.58	8.41	8.65	10.84
<b>Travel &amp; Tourism Industry Aggregates (Direct Impact Only)</b>							
Employment	5.22	5.66	6.15	5.58	5.49	5.80	7.48
Gross Domestic Product	5.95	6.46	7.02	6.37	6.26	6.62	8.53
<b>Travel &amp; Tourism Economy Aggregates (Direct and Indirect Impacts)</b>							
Employment	10.13	10.83	11.62	10.82	10.69	11.12	13.47
Gross Domestic Product	11.75	12.56	13.47	12.55	12.40	12.90	15.58
<b>Travel &amp; Tourism Real Growth (per annum except 2012 = 10-year annualized)</b>							
Personal Travel & Tourism	15.70	5.62	1.32	5.67	1.31	5.78	5.13
Business Travel & Tourism	21.94	11.73	11.43	-7.81	-11.76	-2.22	7.18
Gov't Expenditures	7.29	-0.68	1.27	9.92	3.95	4.33	3.88
Capital Investment	17.21	3.25	7.29	7.98	3.28	3.55	2.65
Visitor Exports	15.65	12.57	16.78	-3.13	3.91	12.81	6.15
Other Exports	8.30	11.73	15.82	6.48	2.72	1.47	2.01
Travel & Tourism Consumption	16.30	9.87	10.80	-0.95	1.14	8.80	5.91
Travel & Tourism Demand	15.81	8.22	10.03	1.39	1.74	7.23	5.23

	1998	1999	2000	2001	2002E	2003E	2013P
<b>Travel &amp; Tourism Industry Aggregates (Direct Impact Only)</b>							
Gross Domestic Product	14.99	8.51	10.69	-1.69	1.96	9.84	6.18
Employment	6.52	7.11	12.02	-8.31	-0.50	7.52	4.30

<b>Travel &amp; Tourism Economy Aggregates (Direct and Indirect Impact)</b>							
Gross Domestic Product	15.29	6.94	9.21	0.98	2.45	8.08	5.47
Employment	6.79	5.62	10.58	-5.92	-0.03	5.87	3.63

#### Travel & Tourism - US\$ million

Personal Travel & Tourism	1,241.30	1,290.81	1,213.93	1,259.62	1,273.86	1,377.46	2,841.52
Business Travel & Tourism	484.52	533.00	551.29	499.06	439.59	439.41	1,088.90
Corporate	416.45	453.59	468.59	423.84	372.92	372.36	925.03
Government	68.06	79.41	82.70	75.22	66.66	67.05	163.87
Gov't Expenditures - Individual	72.76	71.22	66.94	72.22	74.99	79.93	146.34
Visitor Exports	1,902.00	2,108.00	2,285.00	2,173.40	2,254.20	2,599.70	5,882.30
Travel & Tourism Consumption	3,700.58	4,003.03	4,117.16	4,004.30	4,042.63	4,496.50	9,959.06
Gov't Expenditures - Collective	167.04	163.28	153.49	165.69	171.87	183.36	335.53
Capital Investment	1,067.80	1,085.50	1,081.00	1,146.20	1,181.70	1,250.90	2,171.80
Exports (Non-Visitor)	202.86	223.15	239.91	250.84	257.19	266.78	425.53
Travel & Tourism Demand	5,138.28	5,474.96	5,591.56	5,567.02	5,653.39	6,197.55	12,891.90

#### Travel & Tourism Industry Aggregates (Direct Impact Only)

Employment ('000)	461.52	494.33	553.75	507.72	505.20	543.20	824.44
Gross Domestic Product	2,131.85	2,277.57	2,340.04	2,258.87	2,299.04	2,581.49	5,864.33

#### Travel & Tourism Economy Aggregates (Direct and Indirect Impacts)

Employment ('000)	896.14	946.46	1,046.64	984.73	984.39	1,042.14	1,485.37
Gross Domestic Product	4,208.29	4,430.88	4,491.83	4,453.85	4,554.90	5,032.79	10,709.30

#### Travel & Tourism - 1990 Constant US\$ million

Personal Travel & Tourism	1,106.77	1,168.97	1,184.35	1,251.53	1,267.97	1,341.20	2,211.39
Business Travel & Tourism	432.00	482.69	537.86	495.85	437.56	427.84	847.42
Gov't Expenditures - Individual	64.88	64.50	65.31	71.76	74.64	77.83	113.89
Visitor Exports	1,695.86	1,909.03	2,229.32	2,159.45	2,243.79	2,531.26	4,577.85
Travel & Tourism Consumption	3,299.51	3,625.19	4,016.85	3,978.60	4,023.96	4,378.12	7,750.55
Gov't Expenditures - Collective	148.93	147.87	149.75	164.62	171.08	178.53	261.12
Capital Investment	952.07	983.04	1,054.66	1,138.84	1,176.24	1,217.97	1,690.18
Exports (Non-Visitor)	180.88	202.09	234.06	249.23	256.00	259.76	331.17
Travel & Tourism Demand	4,581.39	4,958.20	5,455.32	5,531.29	5,627.28	6,034.38	10,033.00
<b>Gross Domestic Product</b>							
Travel & Tourism Industry	1,900.80	2,062.60	2,283.03	2,244.37	2,288.42	2,513.53	4,563.86
Travel & Tourism Economy	3,752.19	4,012.66	4,382.39	4,425.26	4,533.86	4,900.29	8,334.39

# THE WAR SCENARIO

## OVERVIEW

IN RECENT MONTHS THE RISK OF A MILITARY CONFLICT WITH IRAQ APPEARS TO HAVE INCREASED. THIS ANALYSIS ASSESSES THE POTENTIAL IMPLICATIONS OF A PESSIMISTIC “WAR SCENARIO” AND THE IMPACT ON TRAVEL & TOURISM.

### Introduction

What happened last time we went to war with Iraq? In August 1990, Iraq invaded Kuwait. This ultimately led to a military engagement, with UN forces led by the US driving the Iraqis out of Kuwait in ‘Operation Desert Storm’, which came to a successful conclusion in February 1991.

During the course of those months, oil prices rose sharply, and a number of developed economies around the world slipped towards recession. But it is difficult to know how much of the blame for that recession should be attached the Gulf War. The Gulf War itself had an impact on growth via three main channels:

- Oil prices increased sharply.
- Equity prices fell sharply across most developed economies.
- Both business and consumer confidence were hit.

Certain sectors suffered particularly badly, including tourism and aviation. Some commentators believe that the Gulf War tipped the already weak US economy into recession, while others believe that a recession or something close to a recession would have occurred in any case. The truth is it is impossible to identify the confidence effects that came from the Gulf War separately from other adverse effects at the time.

What might be the economic impact this time? The economic impact of renewed hostilities in the Gulf would come through the same three channels as above with a direct effect also from higher US and UK government defence spending to finance the War.

The distinction between the base case scenario presented throughout this TSA report and this extraordinary War Scenario is essentially the length of time for which oil supplies (and therefore prices) are disrupted. In the base case, the war is short and contained, with the impact on long-term oil supplies minimal. In the second, pessimistic case, for whatever reason, oil supplies are substantially reduced into the medium or long term. In either scenario, the macroeconomic impact would almost certainly have a disproportionate effect on tourism and aviation sectors, as was the case during the last Gulf War.

### Base Case:

#### Diplomatic solution or victory after a short, contained war

Optimists will argue that a short, contained war could have a positive impact on growth. Whatever the outcome, higher government spending will boost growth in the short run. A successful war would remove an important source of global uncertainty and insecurity (long term as well as short term), and create new opportunities in a region that has stagnated for over a decade. Conceivably – except in the very short term – it might even reduce oil prices.

Our base case essentially assumes there is little difference in terms of economic growth between a diplomatic solution and a contained war, since most of the negative effects expected in the event of war are already happening – a loss of consumer confidence, investment decisions being postponed, and so on. It is possible that war itself would generate a further loss of confidence towards international travel, and therefore that the knock-on effects on Travel & Tourism would be greater than on the economy as a whole. Even here, it is likely that the difference between no war and a speedy contained war would not be that great.

*Base Case Assumptions:*

- Quick, decisive victory or diplomatic solution
- No use of weapons of mass destruction (WMD) against US troops, Israel or region
- No reduction in OPEC oil production/exports
- No challenges to Arab governments in region
- New Iraqi government installed and in control
- No damage to oil producing capacity in Iraq, or elsewhere

## THE WAR SCENARIO: VICTORY, WITH REGIONAL DISRUPTION

Temporary spikes in oil prices have small effects on global growth. But the key longer-term risk to the global economy deriving from any potential Iraqi conflict is that of sustained disruption to oil supplies. In addition, persistently higher oil prices, and an inconclusive or prolonged military engagement, would probably undermine confidence and equity markets by a larger amount and for a longer time than in the contained war scenario. In this scenario, we assume a further hit to consumer spending and investment in all developed economies, particularly marked in the second and third quarters of 2003. We would also expect a rapid drop in world trade, hitting exports for the leading economies.

Taking all these factors into account, a disruptive war scenario could see both US and UK GDP fall by 1-2%. And some of the vulnerable economies would be in need of emergency funds, while even previously robust economies like China could also see growth dented in 2003 and 2004. A major casualty could be Japan where the economy stays in recession from 2002 to 2004. Among the smaller economies, the IMF and World Bank would need to be active to help avoid defaults and serious dislocation effects.

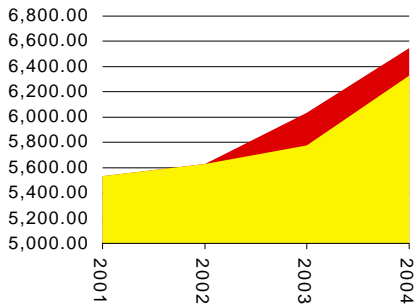
In the event of a more disruptive war with some terrorist attacks outside the region, it is likely that the effects on Travel & Tourism will be more severe. Our scenario assumes that the loss of confidence in international travel that could be caused would lead to a further 6-7% loss of visitor exports around the world, rather than the modest recovery we expect in the more benign case. As a result of this and weaker demand more generally from weaker world growth, the scenario shows would TT industry output falling by 1\_% this year before some recovery next year.

*War Scenario Assumptions:*

- Iraq attacks oil facilities in region, with limited damage but political and economic effects
- Iraq attacks Israel, US troops but not with WMD effective enough to trigger a major response or have highly lethal effects
- Unexpected protracted Iraqi military resistance
- Limited Israeli intervention in war; rising political unrest in region
- Low level civil tensions and clashes in Iraq after military conflict over
- Some terrorist attacks on US interests

# WAR SCENARIO ANALYSIS

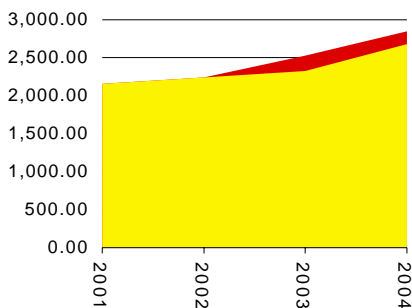
**Travel & Tourism Demand**  
1990 Constant US\$ mn



## TRAVEL & TOURISM DEMAND

In 2003, the Morocco base case TSA expects Travel & Tourism demand to generate real term growth(loss) of 7.2 per cent over 2002 results. In contrast, the War Scenario forecasts a real term growth(loss) of 2.6 per cent for 2003. The difference, -4.6 per cent real loss for Morocco Travel & Tourism, is the additional negative impact associated with a inconclusive or prolonged military engagement. In nominal terms, this War Scenario impact is expected to total MAD-3.1 billion or US\$-265.2 million. The area in red on the chart indicates the War Scenario loss.

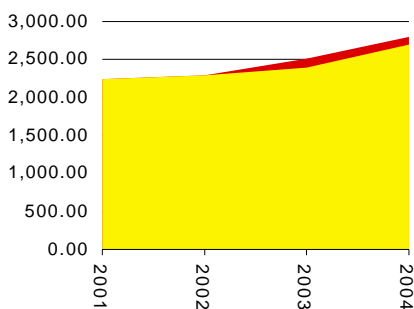
**Travel & Tourism Visitor Exports**  
1990 Constant US\$ mn



## TRAVEL & TOURISM EXPORTS

Visitor exports is usually the hardest hit component of Travel & Tourism demand in periods of conflict, terrorism and political uncertainty. The WTTC/OEF base case forecast for Morocco's visitor export growth in 2003 is 12.8 per cent over 2002 results. The War Scenario has restated Morocco's visitor export growth at 3.8 per cent, a decrease of -9.0 per cent or MAD-2.4 billion (US\$-208.0 million) vis-à-vis the base case forecast. War Scenario losses are indicated in red on the chart.

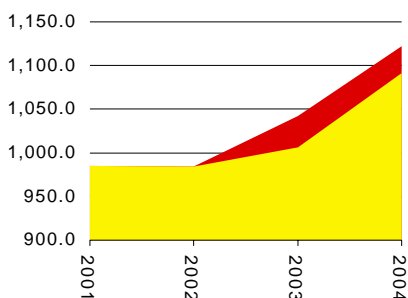
**Travel & Tourism Industry GDP**  
1990 Constant US\$ mn



## TRAVEL & TOURISM GROSS DOMESTIC PRODUCT

A proper analysis of the War Scenario's potential impact must also isolate the likely change to Travel & Tourism Industry GDP, since some elements of T&T Demand such as government expenditures and capital investment tend to lag current events. Plus, history has shown that Travel & Tourism behavior and consumption change during periods of conflict with domestic travel replacing some portion of international travel. For Morocco, Travel & Tourism Industry GDP is expected to decrease in the War Scenario by -5.2 per cent (MAD-1.4 billion or US\$-123.3 million) vis-à-vis the base case. War Scenario losses are indicated in red on the chart.

**Travel & Tourism Economy Empl.**  
'000 of Jobs



## TRAVEL & TOURISM EMPLOYMENT

Finally, Travel & Tourism economy employment, in its broadest sense, is the most comprehensive and personal gauge of war, conflict and terrorism on our industry. In 2003, Travel & Tourism economy employment in Morocco is expected to total 1,042,140 jobs under our base case TSA research (diplomatic solution or victory after a short, contained war). Under the War Scenario (victory with regional disruption) the total jobs forecast is pegged at 1,006,000. The difference, -36,140 lost jobs, is the negative employment impact in Morocco associated with the War Scenario. War Scenario losses are indicated in red on the chart.

# WAR SCENARIO SUMMARY

IN THE EVENT THAT THE SITUATION IN IRAQ ESCALATES INTO AN INCONCLUSIVE OR PROLONGED MILITARY ENGAGEMENT CAUSING DISRUPTION TO OIL SUPPLIES, UNDERMINING CONSUMER CONFIDENCE AND EQUITY MARKETS FOR AN EXTENDED PERIOD OF TIME, WE EXPECT THE 2003 IMPACT ON TRAVEL & TOURISM IN MOROCCO TO TOTAL:

**-4.6%** ....loss in total Travel & Tourism Demand.

**-9.0%** ....loss in total Travel & Tourism Visitor Exports.

**-5.2%** ....loss in total Travel & Tourism Industry GDP.

**-36,140** ....loss in total Travel & Tourism Economy jobs.

THIS ANALYSIS AND RECENT HISTORY HAS SHOWN THAT THE TRAVEL & TOURISM INDUSTRY IS PARTICULARLY VULNERABLE TO SEVERE BUSINESS DOWNTURNS DURING PERIODS OF TERRORISM, POLITICAL UNCERTAINTY AND MILITARY CONFLICT.

WTTC CALLS ON GOVERNMENT LEADERS AROUND THE WORLD TO RECOGNIZE THE SEVERE ECONOMIC AND EMPLOYMENT IMPACT EXPERIENCED BY TRAVEL & TOURSIM AND IMPLEMENT, WHEN NECESSARY AND APPROPRIATE, STRATEGIC POLICY MEASURES TO MITIGATE THE LONG-TERM CONSEQUENCES ON THE INDUSTRY AND NATIONAL ECONOMIES.

# COMPETITIVENESS MONITOR

THE WORLD TRAVEL & TOURISM COMPETITIVENESS MONITOR TRACKS A WIDE RANGE OF INFORMATION, WHICH INDICATES TO WHAT EXTENT A COUNTRY OFFERS A COMPETITIVE ENVIRONMENT FOR TRAVEL & TOURISM DEVELOPMENT.

The Competitiveness Monitor, launched in 2001, is based on a set of social and economic data that are available and comparable across countries. The Monitor is useful for governments, policy makers, Travel & Tourism companies, investors, academics and all other interested parties. The Monitor uses a traffic light system to indicate the relative positions - rather than the absolute performance - of different countries. Green, amber and red lights indicate respectively, above average, average and below average performance. White is data not available.

## PRICE COMPETITIVENESS

Tourism Price Competitiveness Index (TPCI) shows the tourism price index across countries where the index value of '0' shows the least price competitive country and '100' represents the most price competitive country. It is computed using the Hotel Price Index and Purchasing Power Parity Index.

## HUMAN TOURISM

The International Human Tourism Index measures the achievement of human development in terms of tourism activity. The Travel & Tourism Sector takes account of people's influence in various areas of tourism activity. It includes indices that looks at the economic impact of Travel & Tourism demand, consumption, exports, imports, balance, personal and business travel and the numbers of arrivals and departures.

## INFRASTRUCTURE

Infrastructure Index shows the level of infrastructure development, combining the Road Index, the Sanitation Index and the Water Access Index. The Railway Index is not included because of the limited data available. Index value of '0' represents the country with the least infrastructure while the value of '100' is for the country with the highest infrastructure. Source: The World Bank (2001), World Development Indicators.

## ENVIRONMENT

This indicates governments' awareness towards environmental aspects of development using population density, CO<sub>2</sub> emissions and the ratification of environmental treaties as appropriate indicators. An index value of '0' shows the least environmentally friendly country and '100' is for the most environmentally friendly country.

## TECHNOLOGY

This shows the advances in modern technological systems and infrastructure using data regarding telephone mainlines, mobile phones, high technology exports and Internet hosts. An index value of '0' shows the least technologically advanced country and '100' is for the most technologically advanced country.

## HUMAN RESOURCES

Human resources development is an important part of Travel & Tourism. Using data regarding life expectancy, illiteracy rates, education, employment, population, training, skills and gender indicators this shows the competitiveness of the quality of human resources in each country.

## OPENNESS

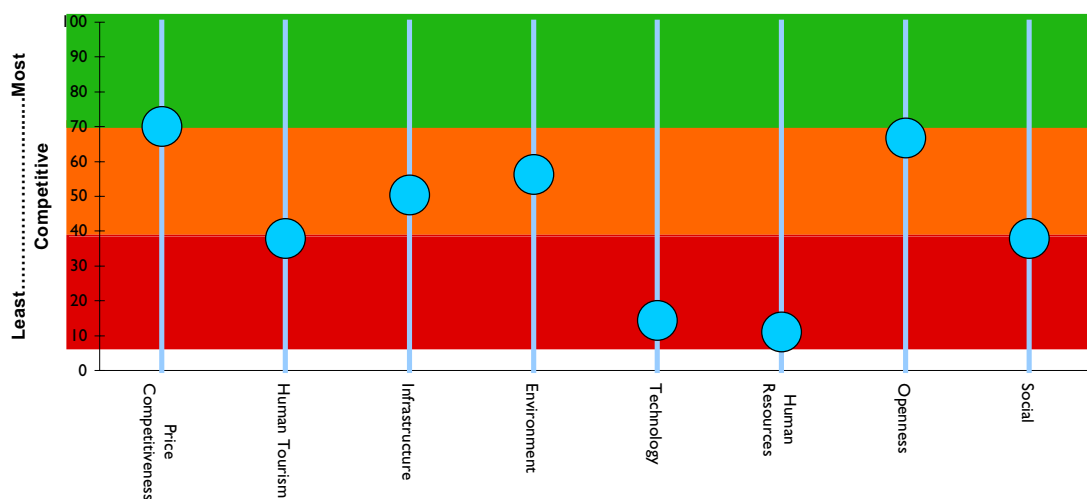
These indices take into account tourism openness using data including: visa requirements, the extent to which a country is open to international tourism, trade openness and taxes on international trade. This information has often been ignored in past research. It accords with the economic growth literature findings that a country's openness to trade is a further significant determinant of growth.

## SOCIAL

Social Development is an important index that indicates a country's development in social issues using data from daily newspapers, personal computers, television sets and total crimes recorded.



## Competitiveness Monitor 2003 - Morocco



Morocco	Index Value	Ranking
<b>Price Competitiveness</b>	<b>70</b>	<b>30</b>
<b>Human Tourism</b>	<b>38</b>	<b>61</b>
<b>Infrastructure</b>	<b>50</b>	<b>62</b>
<b>Environment</b>	<b>56</b>	<b>59</b>
<b>Technology</b>	<b>14</b>	<b>155</b>
<b>Human Resources</b>	<b>11</b>	<b>137</b>
<b>Openness</b>	<b>67</b>	<b>62</b>
<b>Social</b>	<b>38</b>	<b>128</b>

Index Value (Least Competitive is 0.0; Most Competitive is 100.0)

Ranking (Most Competitive is Number 1; Least Competitive is Number 206)

The relevant data are presented so that comparison across countries can be made. The value of each index ranges from 0 to 100 to show the level of performance of each country relative to other countries. An index value of 0 represents the lowest achievement and 100 shows the highest achievement. The index values of 0 and 100 also correspond to the minimum and maximum values of the actual data, so that the comparison of achievement is a relative comparison.

# WTTC/OEF TSA RESEARCH THE 2003 UPDATE

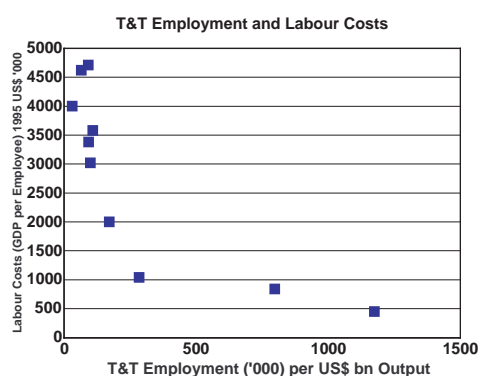
THIS YEAR'S RESEARCH BY OXFORD ECONOMIC FORECASTING ON WTTC'S SIMULATED TOURISM SATELLITE ACCOUNTS REPRESENTS A FURTHER SIGNIFICANT ADVANCE ON OUR EXISTING WORK.

Similar to previous years, data sources have been updated and a review of their use made where appropriate. This year however, our review has also enabled us to take a number of areas of the work a stage further than before. We will be issuing an updated version of our detailed methodological paper in due course, setting out as always a full description of how these simulated TSAs are produced. In the meantime, however, this note records the most significant enhancements made to our existing methodology.

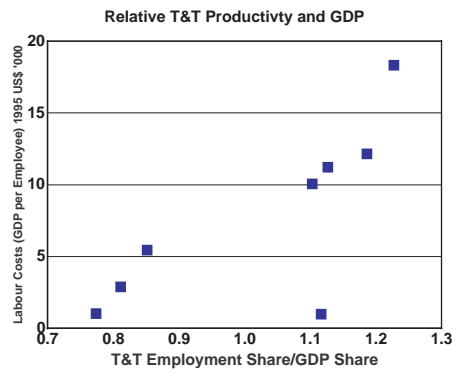
## TRAVEL & TOURISM EMPLOYMENT

Perhaps the most obvious revision to last year's simulated accounts is in our estimates of T&T employment for those countries where this is based on the 'pool equation' approach. The detailed methodology paper explains this approach in more detail, but the underlying principle is that for non-OECD countries, where we have not carried out specific country studies, we use data derived from those countries that have been studied in detail to estimate the relationship between T&T variables we are interested in and other variables for which data or estimates are available for each country. In the case of T&T employment, the most important driver of our estimate is T&T GDP, but we have taken the opportunity provided by having completed a number of additional country studies since this relationship was last estimated to look again at the best way of using the T&T GDP figures to estimate the corresponding employment.

Clearly we would expect this relationship to depend on how expensive it is to employ someone – the cheaper labour is, the more workers are likely to be used to generate the same amount of GDP. This relationship is very clear in the chart below, which plots these data for the non-OECD countries, where detailed country studies have been carried out by WTTC and its partners.



However, the same is true of other industries as well, and if we look at the number of workers used to generate a given level of output in Travel & Tourism **relative** to the same concept for the economy as a whole, a rather different picture emerges. The chart below compares this relativity with an indicator of how 'advanced' an economy is, measured here by GDP per employee.



It is clear from these figures that for poorer economies, Travel & Tourism is relatively productive compared with the average across the whole economy (though clearly we would not generally expect it to be productive relative to Travel & Tourism in richer economies, since cheaper labour will encourage relatively labour-intensive ways of delivering services). Conversely, for richer economies, Travel & Tourism has relatively lower productivity than the average across the whole economy. This is the relationship we have used to construct our revised estimates of T&T employment across different economies where we do not have more detailed results on which to rely.

## Business Travel

This year we have added additional information from balance of payments (BoP) statistics to enable us to refine our estimates of how much businesses spend on hotels. We continue to use data on the number of hotel rooms, estimated room rates and occupancy rates, and surveys of the business share of the market, to estimate overall business spending in a country. As usual, new data has led to some of these assumptions being updated/amended, and we have looked again at estimated room rates to ensure they look consistent across countries. But the main methodological change we have made this year has been to incorporate BoP data to improve estimates of the extent to which spending by an individual country's businesses differs from spending by businesses on hotels within the individual country. Countries with detailed BoP statistics for services record imports and exports of travel and the business share of these, so that the net exports of travel attributable to businesses can be added to the estimated spending within the country or vice versa. Where less detailed BoP statistics exist we have, as usual, had to estimate certain elements of this calculation.

## T&T Trade in Goods

Estimates of T&T trade in goods continue to be based on a detailed commodity breakdown of trade – as described in the main methodological report, we use the compilation of United Nations data put together by Statistics Canada to split imports and exports of goods into 18 categories with varying importance for Travel & Tourism, and apply estimated T&T shares to each of these. So, for example, the majority of imports and exports of aircraft are for T&T purposes, while imports and exports of cars are less T&T intensive since the majority of car travel is for other purposes than business Travel & Tourism. This year we have enhanced our use of these T&T shares when looking at imports, to reflect how important overall T&T demand is within an economy. So for countries where tourism accounts for a large part of aggregate demand in the economy, T&T is also assumed to account for a larger share of, for example, imports of clothing and footwear than for an economy where T&T is of only minor importance. To an extent, this differentiation is already allowed for in the use of the commodity breakdown of trade combined with different shares for different commodities. But this year's enhancement reflects the fact that in practice the commodity breakdown is not sufficiently detailed to pick up all the variation in import shares likely to result from the differing importance of T&T demand in different countries.

## T&T Trade in Services

Any changes here are primarily a result of revised data sources. World Tourism Organization data on foreign tourism spending and receipts no longer covers spending on fares, whether this consists of a country's residents buying air tickets on foreign airlines or foreign visitors buying tickets from domestic airlines. Instead, the WTO data focus on residents' spending on goods and services while abroad, and foreign visitors' spending on goods and services within the country in question. We continue to use these data from the WTO, but we have supplemented them with data on fares spending from the detailed balance of payments statistics collated by the IMF. In the majority of cases, this allows us to update the series previously collected by the WTO, but in some cases the IMF historical data does not appear consistent with the data we previously used from the WTO. In these cases, our preference has been, wherever possible, to use IMF BoP statistics for the historical data as well, since this is the source we expect at this stage to be using for these series in the future.

## T&T Investment

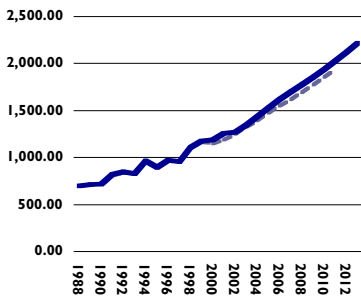
Our primary methodology for estimating T&T investment for those non-OECD countries where we have not carried out specific country studies is, as for employment, based on a 'pool equation' linking T&T investment to overall investment in the economy and the importance of tourism for the economy as a whole. This has not changed in our most recent work. However, our detailed study of the trade data has revealed one enhancement to this where we have been able to incorporate specific data. This is derived from the data for imports of aircraft, which generally have a high T&T content. Since the proportion of imported aircraft, which is assessed to be for T&T use, is deducted from T&T demand in arriving at our estimates of T&T GDP, it is clearly appropriate to ensure the corresponding demand for those imports is also included in our estimate of T&T demand, and it is equally clear in the specific case of aircraft that that demand is for investment. We have therefore improved our estimates of T&T investment by adding a specific element to the pool equation estimates to reflect the T&T element of imported aircraft.

## Coverage

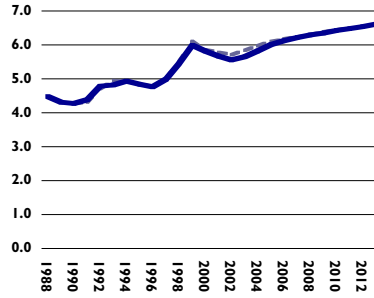
The only changes to the coverage of the results this year are that we have added Croatia to the countries included, as a result of a specific study carried out in the autumn, and that we have redefined the local currency results for all the countries in the eurozone to reflect their use of the euro rather than individual local currencies. This latter change affects the level of some of our estimates in constant 1990 dollars since the Eurostat national accounts data for these countries is calculated in 1995 prices and not all currencies moved against the dollar at the same rate as the euro between 1990 and 1995.

# 2003/2002 VARIANCE CHARTS

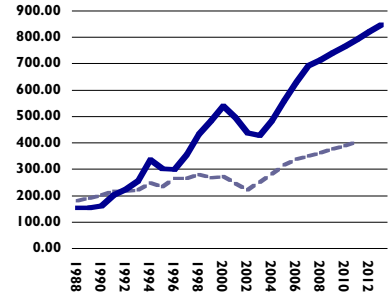
**Personal Travel & Tourism**  
1990 Constant US\$ mn



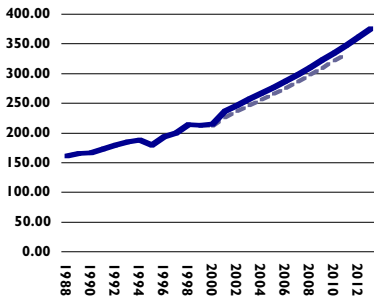
**Personal Travel & Tourism**  
% of Total Consumption



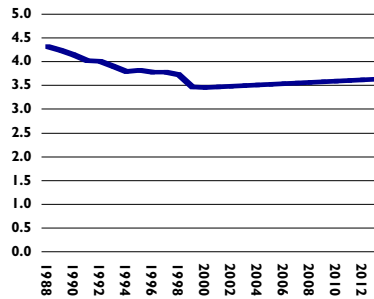
**Business Travel & Tourism**  
1990 Constant US\$ mn



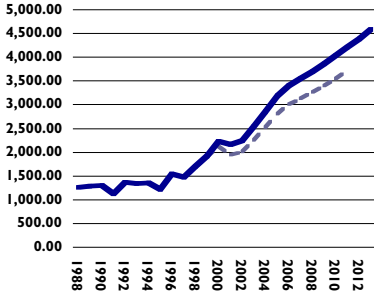
**Travel & Tourism Govt Expenditures**  
1990 Constant US\$ mn



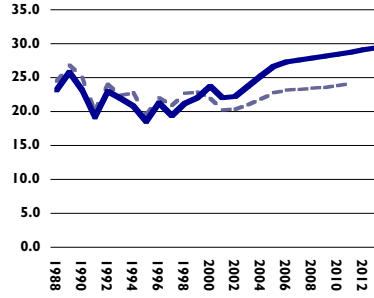
**Travel & Tourism Govt Expenditures**  
% of Total Govt Expenditures



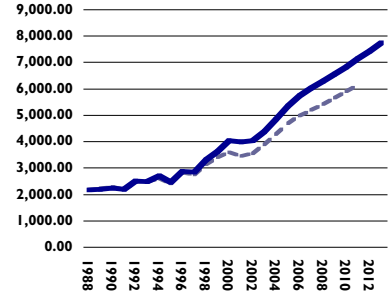
**Travel & Tourism Visitor Exports**  
1990 Constant US\$ mn



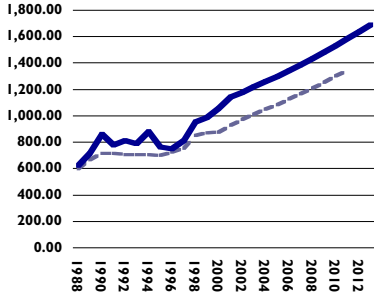
**Travel & Tourism Exports**  
% of Total Exports



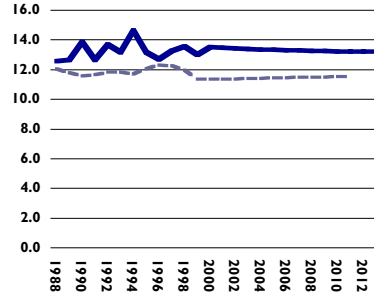
**Travel & Tourism Consumption**  
1990 Constant US\$ mn



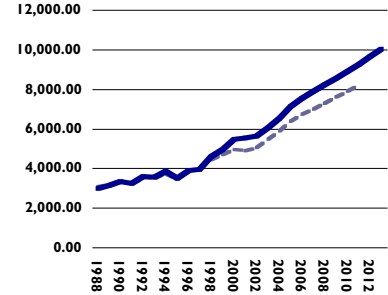
**Travel & Tourism Capital Investment**  
1990 Constant US\$ mn



**Travel & Tourism Capital Investment**  
% of Total Capital Investment



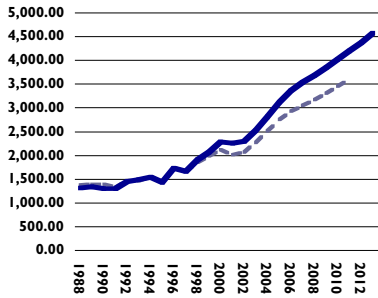
**Travel & Tourism Demand**  
1990 Constant US\$ mn



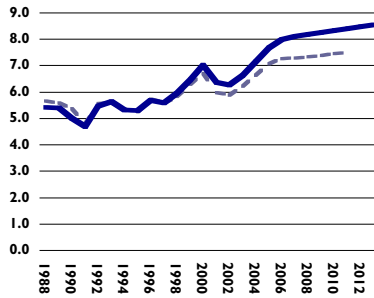
**OEf's Year 2003 Estimates**  
Solid Dark Blue

**OEf's Year 2002 Estimates**  
Dashed Light Blue

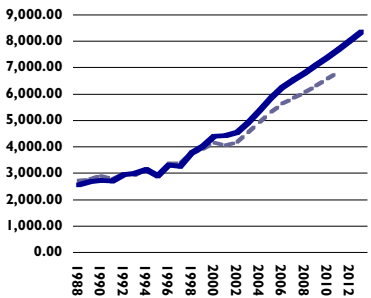
**Travel & Tourism Industry GDP  
1990 Constant US\$ mn**



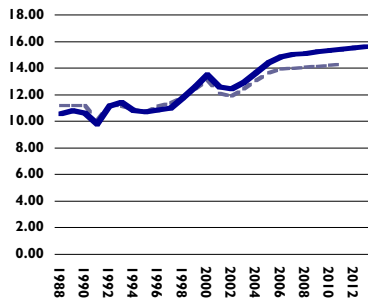
**Travel & Tourism Industry GDP  
% of Total GDP**



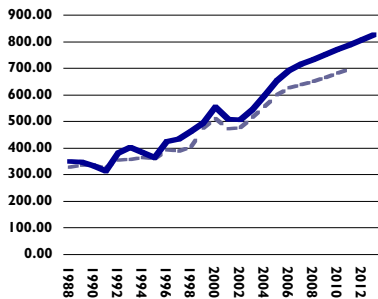
**Travel & Tourism Economy GDP  
1990 Constant US\$ mn**



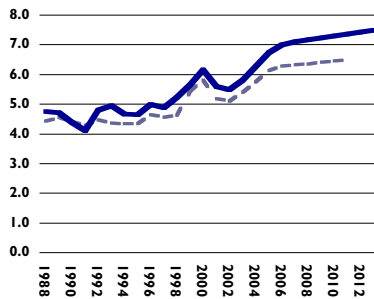
**Travel & Tourism Economy GDP  
% of Total GDP**



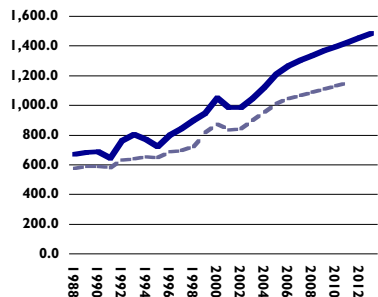
**Travel & Tourism Industry Empl.  
'000 of Jobs**



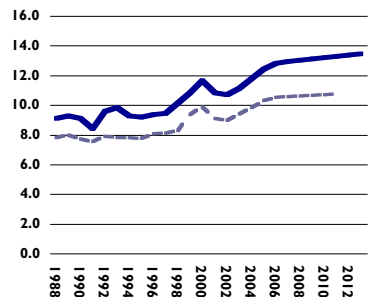
**Travel & Tourism Industry Empl.  
% of Total Employment**



**Travel & Tourism Economy Empl.  
'000 of Jobs**



**Travel & Tourism Economy Empl.  
% of Total Employment**



**OEF's Year 2003 Estimates  
Solid Dark Blue**

**OEF's Year 2002 Estimates  
Dashed Light Blue**

WTTC would like to express its sincere appreciation to the entire research and economics team associated with this 2003 Tourism Satellite Accounting Research

Oxford Economic Forecasting

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