

Germany's Position in the Tourist Trade

In the year 2000 Germany received around DM 37.4 billion from international tourism, according to information available to date from the German Bundesbank.¹ Demand from foreign tourists rose by nearly 11% in nominal terms from 1999 to 2000, and so this item has risen continuously since 1995, confirming Germany's attractiveness to holidaymakers and for business trips. The growth is not only in nominal terms, for the Federal Statistical Office shows a similar rise in the number of overnight stays in the flow of visitors from abroad. However, these positive trends cannot conceal the fact that receipts from international tourism, and their share in the gross domestic product, still have a relatively small role. Nevertheless, they have recently helped to stabilise the importance of tourism for the economy as a whole.

Although spending by Germans abroad rose less than receipts in 2000, by 8.4% over 1999, Germany's deficit on international tourism was not reduced. At DM 61.8 billion in 2000 it was nearly twice one year's receipts from abroad. It forms an important counterweight to the surplus on trade in goods. As well as the trend in receipts and expenditures in international tourism, this article also considers Germany's position in the tourist trade and the overall impact of tourism on the German economy.

The trend in Germany's receipts and expenditures in international tourism

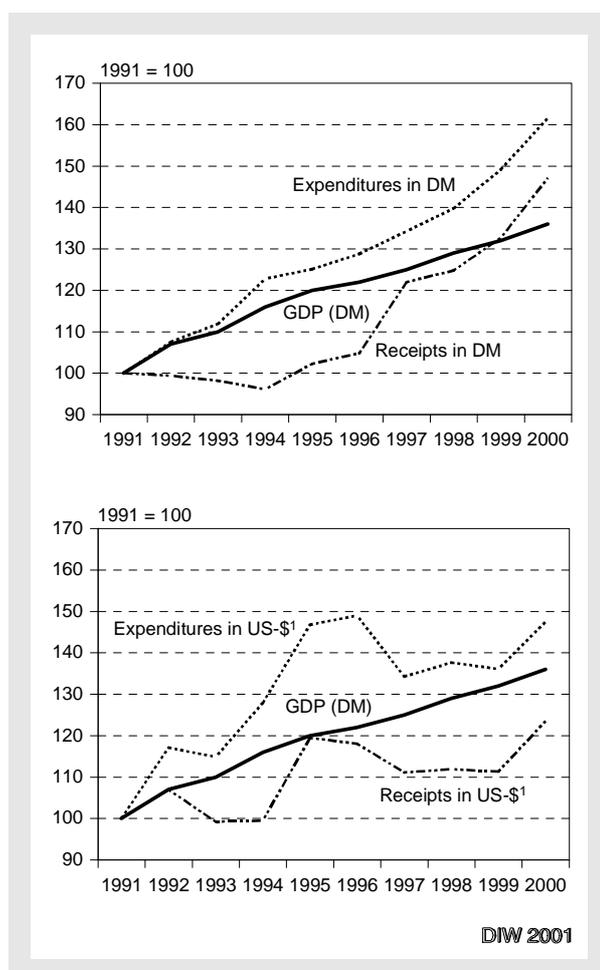
The services account shown by the German Bundesbank provides regular information on Germany's receipts and expenditures in international tourism. The International Monetary Fund (IMF) provides the same information for every country. In both sources transport services for cross-frontier passenger traffic are shown separately. In a comprehensive tourism balance sheet

¹ Without transport services for cross-frontier passenger traffic, which amounted to receipts of DM 13.5 billion from exports and DM 10.4 billion from imports and should be included as such in an overall tourism account for the year 2000. Cf. German Bundesbank: Balance of Payments Statistics for April 2001, Statistisches Beiheft zum Monatsbericht 3, Receipts and Expenditures in 'International Tourism'. The figures in the payments balance statistics are in D-Marks up to 1998 and after that date in euros. All figures are given in D-Marks in this report for ease of comparison.

they have to be included as receipts in exports of tourist services (incoming tourism) and as expenditure in imports (outgoing tourism). Generally, however, in analyses of the international tourist trade the information is simply classified as 'international receipts' and 'international expenditures'.

In any comparison of receipts and expenditures in international tourism it must be remembered that receipts from abroad and expenditure abroad are both a mixture of the different national currencies and the data have to be made comparable by using conversion rates. Generally the US-\$ is used for this purpose, but converting into US-\$ involves movements in exchange rates, and these can affect both the level and the trend of these data. Depending on the currency basis, different trends

Figure 1
The Trend in Germany's Receipts and Expenditures in International Tourism, 1991 to 2000



¹ The trend from 1999 to 2000 is a projection of data from the German Bundesbank. Sources: Federal Statistical Office; German Bundesbank; International Monetary Fund; DIW calculations.

Table 1

The Ten Countries with the Highest Receipts from International Tourism in 1999

Ranking	Country	Receipts	Of which from Germany ¹		Receipts in relation to GDP	
		US-\$ billion	US-\$ billion	% of receipts	As %	Ranking
1	USA	74.4	3.3	4.4	0.8	10
2	Spain	32.9	7.8	23.7	5.5	2
3	France	31.7	3.3	10.4	2.2	5
4	Italy	28.4	7.3	25.7	2.4	4
5	Great Britain	21.0	2.4	11.4	1.5	7
6	Germany	16.8	x	x	0.8	9
7	PR China	14.1	0.2	1.4	1.4 ²	8
8	Austria	11.1	5.3	47.7	5.3	3
9	Canada	10.0	0.4	4.0	1.6	6
10	Greece	8.8	1.6	18.2	7.1	1
	Total	249.2	32.1	13.8 ³	.	

1 Data from the German Bundesbank, converted from euros to US-\$ at the average exchange rate. — 2 Estimated. — 3 Measured by total receipts without Germany. Sources: World Tourism Organization; International Monetary Fund; German Bundesbank; OECD.

can result for receipts and expenditures. But despite all the reservations these data have to be used in the analyses, because it is the only way to obtain an effective insight into the tourist trade between countries.

The trend in Germany's receipts and expenditures in international tourism from 1991 to 2000 has been shown here (cf. figure 1) for Germany firstly in D-Marks, using data from the German Bundesbank (from 1999 in euros), and secondly in US-\$, using data from the IMF. Compared with the trend in nominal GDP there are divergent trends for Germany, both relatively and absolutely.

The only feature common to the two figures is that the curve for expenditures is always above that for receipts and above the curve for nominal GDP. Hence, spending abroad by German tourists is increasing more than nominal GDP. In the curves based on D-Mark figures the gap between receipts and expenditures narrows towards the end of the 1990s, that is, receipts from abroad rise rather more quickly than expenditure abroad. In the year 2000 the receipts curve (on DM basis) was a good 147 (1991=100), so actually above the GDP curve (136).

Tourism exports (receipts from abroad) compared for major tourist target countries

In a cross-section comparison the influence of changes in exchange rates must also be taken into account. One

US-\$ spent by a tourist in the United States will on average buy fewer goods than one US-\$ that flows to Greece, for instance. That is not only unsatisfactory for an analysis of tourism as an economic factor; it is unsatisfactory generally. A comparison based on purchasing power parities is hardly more satisfactory. We still lack an elaborate index based on an incomes-oriented basket of commodities. It is less problematic to combine and compare data on the same currency basis – for example the relation between receipts and GDP, both in US-\$.

In Germany the share of incoming tourism accounts for about 10% of total expenditures on travel within Germany.² Compared with other major tourist target countries this sector is of only minor importance in the economy as a whole. As an indicator we can take the relation between receipts and the gross domestic product. The reference year is 1999, the last year for which up to date international statistical information is available (cf. table 1).

Among the ten tourist target countries that achieve the highest receipts from foreign tourists in absolute terms, tourist exports for Germany are of minor importance, at only 0.8% of GDP, and so the position is very similar to that of the United States. However, in absolute terms (US-\$ 74.4 billion) the United States occupies first place, followed by Spain, which is in second place – after

² Cf. Zur gesamtwirtschaftlichen Bedeutung des Tourismus in Deutschland, ed. Renate Filip-Köhn, Rainer Hopf, Jutta Kloas, in: DIW Economic Bulletin, No. 9/99.

Table 2

Overnight Stays by Germans¹ in Selected Target Countries

Target country	1993		1998	
	Millions	%	Millions	%
Germany	277.4	44.5	277.2	41.7
France	87.6	14.1	109.8	16.5
Austria	65.0	10.4	52.8	8.0
Italy	33.9	5.4	46.7	7.0
Spain	29.3	4.7	35.9	5.4
USA	19.0	3.0	20.0	3.0
Great Britain	19.8	3.2	18.9	2.9
Switzerland	16.6	2.7	14.2	2.1
Denmark	4.5	0.7	4.0	0.6
Sweden	1.8	0.3	2.0	0.3
Other countries	68.2	11.0	83.1	12.5
Total	623.1	100.0	664.5	100.0

¹ 'Germans' are all persons whose permanent residence is in Germany.

Source: Compiled by DIW Berlin for the project 'Benchmarking for Tourism in Europe', Research report commissioned by the Federal Ministry of Economics and Technology, Berlin, February 2001.

Greece – in the importance of foreign tourism, not only in absolute terms (US-\$ 32.9 billion) but also in relative terms (5.5% of GDP). So Spain is more heavily dependent on tourism than France, for instance, or Italy.

In absolute terms, however, Germany's receipts are also considerable, at just under US-\$ 17 billion. On international comparison Germany is in 6th place for receipts, above Austria and Greece, two countries that are regarded as relatively strongly dependent on tourism (Greece 7.1%, Austria 5.3%).

Receipts to Russia, Australia, Switzerland, Mexico and Hong Kong are also considerable, at between US-\$ 7.2 billion and US-\$ 7.8 billion.

All in all, countries' dependence on tourism receipts must be seen in a differentiated light. On the one side there are countries where the economy is hardly influenced by this item, despite high receipts in absolute terms (the United States, Germany), and on the other there are a number of countries where lower receipts in absolute terms are of great importance for the economy, so that even relatively slight fluctuations in demand from abroad can affect them painfully (Greece, Spain and Austria).³

A considerable part of the receipts to the major tourist countries comes from spending abroad by German tourists. For Austria they account for just under half, and for Spain and Italy around one-quarter. These countries are greatly dependent on demand for foreign holi-

days in Germany, and any shifts in this demand can badly affect the economic development in these countries.

Using selected target countries and the information available on them it can be shown that there have indeed been clear shifts in past years. The informative indicator here uses data from the statistics on overnight stays for 1993 and 1998 (cf. table 2).

Austria's share in overnight stays by German visitors fell markedly from 1993 to 1998; in absolute terms it fell from 65.0 million in 1993 to 52.8 million in 1998, although total overnight stays by Germans abroad rose by 41.4 million. The main beneficiaries were France, Italy and Spain. Germany has lost some of its importance as a target country for its own residents. Overnight stays have remained constant at 277 million, but measured by the total number of overnight stays by Germans there was a slight fall; however, they still accounted for a good two-fifths in 1998.

³ Another example is Hungary: according to information from the WTO Hungary received US-\$ 3.4 billion from foreign visitors in 1999. According to information from the OECD, Hungary's GDP in 1999 was US-\$ 48.2 billion in current prices. The ratio of receipts to GDP was thus 7.1%. The situation is similar in the Czech Republic, and inevitably the impression on consideration and classification of these countries is that the very high ratios are partly the expression of a price level that is still inhomogeneous for the visitor.

Table 3

The Ten Countries with the Highest Expenditures for International Tourism in 1999

Ranking	Country	Expenditures	Of which in Germany ¹		Expenditures in relation to GDP	
		US-\$ billion	US-\$ billion	% of expenditures	As %	Ranking
1	USA	61.3	1.4	2.3	0.7	10
2	Germany	48.4	x	x	2.3	4
3	Great Britain	36.6	1.6	4.4	2.5	3
4	Japan	32.8	0.5	1.5	0.8	9
5	France	18.6	1.5	8.1	1.3	7
6	Italy	17.6	1.0	5.7	1.5	6
7	Canada	11.3	0.1	0.9	1.8	5
8	PR China	10.9	0	0	1.1 ²	8
9	The Netherlands	10.7	2.0	18.7	2.7	2
10	Austria	9.1	1.6	17.6	4.3	1
	Total	257.3	9.7	4.6 ³	.	

¹ Data from the German Bundesbank, converted from euros to US-\$ at the average exchange rate. — ² Estimated. — ³ Measured by total expenditures excl. Germany. Sources: World Tourism Organization; International Monetary Fund; German Bundesbank; OECD.

Tourism imports (expenditures abroad): comparison of major target countries

Germany's world economic importance in tourism is evident if expenditures by the ten leading countries are considered analogous to receipts (cf. table 3). Here Germany, as a densely populated and relatively wealthy country, takes second place behind the United States in the list of the 10 highest spending countries, with spending totalling more than US-\$ 48 billion. Spain and Greece, which were among the most important countries for receipts, are no longer included. Japan, which has a big deficit on international tourism with very low receipts of only US-\$ 3.4 billion, occupies fourth place for expenditures, even higher than France and Italy. The Netherlands, which also spends clearly more than it receives, moves up to place 9.

Measured relative to nominal GDP, Germany is not really a country whose people are particularly bound to travel abroad. It is nearer the middle of the list of the ten highest spenders abroad, with Great Britain and the Netherlands slightly nearer the top. It is only clearly exceeded here by Austria (4.3%), while the United States and Japan are right down near the bottom.

The importance of tourism for the economy as a whole: an international comparison

The receipts and expenditures in international travel are an important factor in tourism and an essential indicator of its level of activity. But more information and analyses are needed to assess the macroeconomic importance of tourism for a country. Comparatively high receipts from abroad can have a much smaller impact on the country's GDP owing to the imported intermediate inputs they entail (Switzerland is one example), while relatively low receipts from international tourism can be greatly increased by spending by the country's own residents (Germany).

Generally, tourist activities of a country are composed of:

- incoming tourism, that is, expenditure by foreigners in the country;
- expenditure by its residents within the country, including their spending on travel abroad (e.g. the services of travel agents), which form part of the country's gross wealth creation;
- outgoing tourism, that is, spending by the country's residents abroad.

The macroeconomic importance of tourism is calculated from incoming tourism (including transport serv-

ices) and spending by residents within the country minus the imports directly and indirectly connected with this. Spending by residents abroad does not count as part of the domestic product. However, travel abroad does give rise to a certain demand for imports in the target countries, and thus to reflows (mostly exports of printers' products and consumer goods). Germany also exports a number of goods (e.g. buses) that are used for tourism in the purchasing country. The World Travel&Tourism Council (WTTC) shows this kind of exports as a separate item, 'Other Exports'.⁴ It is left to the users to decide whether to include these data in the analyses or restrict themselves to spending by tourists.

The DIW Berlin has built up a comprehensive and integrated tourism satellite account (TSA).⁵ In an input-output supported satellite account of this nature, in which the supply and demand side accounts are integrated and which is coordinated with the national accounts, all incomes induced by tourist demand are covered. The account enables the dependence on tourism demand to be analysed for individual sectors as well. Discussion has been going on worldwide over this approach for a long time, as it is particularly suitable for international comparisons.⁶ However, the statistical and analytical bases needed for tourist expenditures to be compiled and structured are still lacking for many important countries. For Germany tourism has been calculated at just under 8% of GDP for 1995. Investment in Germany and other exports for tourist use abroad were not included.

In a comparative study the attempt was made to calculate the macroeconomic importance of tourism for some European countries using the input-output supported approach.⁷ With the exception of the Balearic Islands and Austria the reference year was 1998.

⁴ La. cf. World Travel&Tourism Council: Tourism Satellite Accounting Research 2000.

⁵ Renate Filip-Köhn, Rainer Hopf, Jutta Kloas: Wirtschaftsfaktor Tourismus, Report for the Federal Ministry of Economics and Technology, February 1999.

⁶ Most recently at the Tourism Satellite Accounts Conference, 7 to 10 May 2001 in Vancouver.

⁷ The following information is based on the preliminary final report directed by DIW Berlin in cooperation with Tommy D. Andersson (Sweden), Carlos Collado (Spain), Kim Gottsaed-Petersen (Denmark), Britta Oertel and Siegfried Behrendt (IZT Berlin), Martin Peter (Switzerland), Francisco Sastre and Inmaculada Benito (Majorca): Benchmarking for Tourism in Europe, Research report commissioned by the Federal Ministry of Economics and Technology, Berlin, February 2001. Large and important countries, like France and Great Britain, could not be included in the analysis for reasons of cost and time. The selection of the European countries was made for pragmatic reasons. Firstly, the work had to be kept within the budget, and secondly existing contacts with partner institutions were used. The Satellite Account for Germany could not be taken beyond the year 1995 in this study for cost reasons.

The analysis yielded the following results: Spain was in the lead, with tourism accounting for a good 16% of nominal GDP; the Balearic Islands were outstanding here with nearly 40%. Italy and Austria occupied third and fourth places, nearly level at an estimated 11%, followed by Switzerland with about 8.5% and Germany with a share of just under 8%, as calculated for 1995. Then came Denmark with 7% and Sweden with about 6%.

The development of national and international tourism in Germany 1995 to 2000

Although Germany's receipts from international tourism have been positive since 1995 it cannot be concluded from this that the macroeconomic importance of tourism as a whole for Germany rose from 1995 to 2000. The available information rather suggests that it was slightly less in 2000 than in 1995. The clear fall in real turnover and employment in the hotels and catering sector did not continue in 2000,⁸ but with a decline in turnover (at constant prices) of a good 8%, and of around 13% in the number employed in this sector, a decline in the importance of tourism as a whole cannot be denied. However, it was probably much less than suggested by these figures, as the following considerations show.

Tourist spending only accounts for part of the turnover in hotels and catering, and this sector absorbs only a relatively small part of the total spending on tourist activities, so there could certainly have been shifts. One indicator of this is the fact that total overnight stays rose by just under 9% between 1995 and 2000, which is a comparable rate to real GDP (13%). The number of overnight stays by foreigners made a special contribution to this. In 2000 they were around 24% higher than in 1995. In the year 2000 alone the number of overnight stays by foreigners rose by nearly 11% from 1999, with a change in total overnight stays of just under 6%.

An assessment of the development in employment induced by tourism between 1995 and 2000 has been made more difficult by the repeated and extensive revisions to the employment statistics as a whole and to those for each sector made by the Federal Statistical Office. It must also be borne in mind that in accordance with the concept on which the German statistics are based, part-time workers are included as full-time workers in the number employed, and this also affects the results when sectoral employment is allocated to final demand. But the available information does show that

⁸ Cf. Federal Statistical Office: Binnenhandel, Gastgewerbe, Tourismus, FS 6, Series 7.1, December 2000.

tourism, despite its importance for Germany, was probably not a 'job motor', as many had hoped.

Conclusion

In Germany receipts from international tourism have risen strongly in recent years, but, as in the United States, they, and the share they induce in GDP, play a relatively minor part in the economy as a whole. However, they have recently helped to stabilise the macroeconomic importance of tourism in Germany – even in 1995, its overall share in GDP accounted for just under 8%. Conversely, however, Germany has a dominant role for many target tourist countries. In Austria, for example, just under half the receipts from international tourism came from visitors from Germany. In Spain and Italy the share was around one-quarter and in Greece one-fifth.

There is still a shortage of the necessary data for an international comparative analysis of the importance of tourism in the individual national economies, despite all the efforts that have been made, in regard to both material and time. In Germany particularly, the database has rather deteriorated since 1995. Hence, representative and comprehensive household surveys on travel and spending are needed. In Germany a survey of this kind has only been made once by the Federal Statistical Office in its random sample on incomes and consumption for the year 1993.

It is urgently necessary for the national statistical offices at least to show travel expenditure annually by type of journey and type of expenditure. A uniform approach is needed in the collection of data and in analyses, which must allow for international comparisons. Such an approach is available in the integrated Tourism Satellite Account, TSA, developed by the DIW Berlin. Only with such an input-output supported account that is coordinated with the national accounts is it possible to assess all the incomes resulting from tourist demand.

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