Compiling a Mongolian Tourism Satellite Account: Phase I

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Tables

Acronyms

BOP	balance of payments
EPRC	Economic Policy Reform and Competitiveness Project
I-O	input-output
MRTT	Ministry of Roads, Transport, and Tourism
NSO	National Statistical Office
SNA	System of National Accounts
SUT	supply and use table
TSA	tourism satellite account
TVA	tourism value added
VA	value added
VATI	value added in tourism industries
VFR	visit friends and relatives

I.   Introduction

Tourism satellite accounts (TSAs) are the internationally accepted framework for organizing economic data about tourism and its role in the economy. They are a valuable tool for economic planning, and for demonstrating the potential of tourism to stimulate economic growth, generate employment, and contribute to growth of specific sectors or regions of the country.

This paper is the first output of a consultancy on tourism satellite accounting in Mongolia. The purpose of the assignment is to construct an initial set of TSAs for Mongolia based on data already being collected in the country. The assignment is divided into two parts. In the first, of which this is one of the outputs, the consultant has worked with the Ministry of Roads, Transport, and Tourism (MRTT), the National Statistical Office (NSO), the Border Authority (BA), and other agencies to identify data sources that can be used to construct the accounts. Based on that work, the MRTT will make official requests to other government agencies to obtain the data needed. Once those data are actually in hand, the consultant will return for the second part of the assignment, working with the data to construct the accounts, analyzing and writing up the results, and making recommendations as to priorities for improving data and strengthening the next set of accounts.

This assignment is being carried out under the purview of the MRTT. They formed a working group to guide the effort, formed of representatives of their Ministry, the NSO, the Border Authority, and the Bank of Mongolia.[1]   Members of the working group served as liaison to their agencies, helped make contacts with key individuals responsible for data, and in other ways provided information about the data available within their agencies. Based on the results of this work, we hope that the working group members will form a core for integrating construction of subsequent editions of the accounts into MRTT and the NSO.

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[1] Membership in the working group is indicated in the list of people interviewed.

II. Overview of the Tourism Satellite Accounts

The TSA is a part of the System of National Accounts (SNA), the internationally-accepted framework for organizing national economic data. The SNA is used to calculate gross national product and other familiar macroeconomic indicators. It is used worldwide, which permits international compatibility among economic statistics and measures. The methods for constructing national accounts have been developed over the past seventy years through coordination of the United Nations and other international organizations.

The TSA is an expansion of the SNA framework to organize information about tourism supply and demand and analyze the role of tourism in the economy. Its structure has been developed through an extensive process coordinated by the World Travel Organization (WTO), with participation of Eurostat, the Organization for Economic Cooperation and Development, the United Nations Statistics Department, and a number of national statistical offices. The TSAs are "satellite" accounts because they present information in ways that differ somewhat from the conventional national accounts. This is needed in the case of tourism because tourist purchases are neither the output of a single industrial sector, nor a specific set of products that can be uniquely classified as tourism-related. Instead, tourists purchase many of the same things as non-tourists, particularly restaurant meals and transportation; it is only the purpose for which they are used that distinguishes them, not the nature of the items themselves.

The TSA is made up of a series of ten tables.[2] Before we describe them, it is helpful to review a few key definitions.

A. Definitions

Tourism: Through the WTO, the following definition of tourism has been agreed upon:

> …the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited. (WTO 2000)

A few points are worth noting about this definition. First, in common English parlance, "tourism" refers only to leisure activities. The WTO definition uses the word to mean travel for a number of possible purposes, of which leisure is only one. Second, travel specifically for work paid in the place visited, if the worker is paid from the host country, is not considered to be tourism. Business trips for which the traveler is paid from the home country are included in this definition, however. Third, travel for the purpose of study is included; thus foreign students should be counted as tourists as long as they leave the host country at least once a year. Travel for medical, religious, and other purposes is also included. Fourth, travel for work in another country and travel for more than a year are not considered tourism for WTO purposes. This is consistent with the definition of residence in the SNA and the balance of payments accounts. A person is considered resident in a country if she or he engages in economic activity in that place or lives there for more than a year, even if she or he is a citizen of a different country.

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[2] The full tables may be found in an annex to this report.

Categories of tourism consumption: The TSA distinguishes among several different kinds of tourism consumption.

Inbound – consumption by foreigners in the country

Domestic – consumption by residents in their own country; i.e. expenditures by Mongolians when they are traveling within Mongolia. This includes both trips whose destination is within the country, and travel in-country en route to trips overseas, such as travel from the countryside to the airport prior to flying abroad.

Outbound – consumption by Mongolian residents when they are outside the country

Internal – consumption when traveling within the country by both Mongolians and foreign visitors. This is the sum of inbound and domestic tourism. It is an important total because it captures the total stimulus to the Mongolian economy from all tourism.

In addition to categorizing expenditures by type of tourism, the TSA defines certain categories of products and activities (i.e. industry sectors) to include in the accounts:

> **Tourism characteristic products:** those products, which, in most countries, it is considered, would cease to exist in meaningful quantity or those for which the level of consumption would be significantly reduced in the absence of visitors, and for which statistical information seems possible to obtain;

> **Tourism connected products:** a residual category including those products that have been identified as tourism specific in a given country, but for which this attribute has not been acknowledged on a world wide basis;

> **Tourism specific products:** the sum of the two previous categories. (WTO 2000)

The TSA tables include both characteristic and connected products. For some characteristic products, such as lodging, the full output may indeed be consumed by tourists. For others, however, such as restaurant meals, local transport, entertainment, and so on, only some of the output is actually consumed by tourists. One of the major challenges of the TSA, therefore, is to determine what share of consumption of those items should be considered "tourism." The definition of connected products is country-specific; this category includes items that might meet the definition of characteristic in some countries but not in others, so they should not be universally considered to be particular to the purchasing patterns of tourists. In Mongolia, connected products might include tours on horseback, which are not common in other countries. Initial emphasis in the development of the TSA will focus, however, on characteristic rather than connected products.

Characteristic activities are essentially the activities of sectors producing characteristic products. Thus if "hotel nights" are a characteristic product, the hotel industry is a characteristic activity. Characteristic activities include, therefore, operating hotels, restaurants, passenger transportation, and various forms of entertainment and sports. They also include the activities of travel agents and tour operators in providing services to tourists. This is a difficult item to account for, because it is usually difficult to differentiate their value added from the value of the items they provide, i.e. the hotels, food, and transport.

B.   Tables in the TSA

With this background, it is possible to summarize the contents of the TSA tables:

Table 1 covers inbound tourism expenditures, as defined above. The columns in this table, as in tables 2 through 4, distinguish between visitors traveling for a single day and those spending at least one night on the road. The rows identify characteristic products on which tourists typically spend money.

Table 2 presents information on domestic tourist expenditures. The rows are structured in the same way as in Table 1. The columns distinguish between expenditures of residents traveling only within their home country and expenditures in-country of those traveling domestically en route to going abroad.

Table 3 covers outbound tourist expenditures, and is structured in the same way as Table 1.

Table 4 is the sum of Tables 1 and 2.

Table 5 is a TSA version of the SNA production account. In the upper portion it shows the output of tourism characteristic products by industry. The rows include the same products as Tables 1 to 4. The columns include twelve ISIC codes (at varying levels of detail) considered to constitute the tourism characteristic activities; hotels, second home ownership, restaurants, railways, road transport, water transport, air transport, passenger transport and supporting services, passenger transport equipment rental, travel agencies, cultural services, and sporting and other recreational services.[3] The lower portion of the table shows intermediate consumption of the tourism characteristic activities. The products consumed are classified according to the Central Product Classification (CPC) at the one-digit level.

Table 6 builds on Table 5 to create a Tourism Supply and Use Table (SUT). In addition to showing domestic supply of characteristic products by characteristic activities, it shows supply of characteristic and connected products by the rest of the economy, imports of each product, and taxes less subsidies. Table 6 also shows "tourism ratios," or the share of each characteristic product actually consumed by tourists. Identifying the tourism ratios is one of the most difficult parts of compiling TSAs, since they depend on detailed survey data, data from a wide range of sources, or fairly crude estimations. They are necessary, however, to understand what tourism actually contributes to the economy. The SUT is one of the core components of the national accounts, and in the same way Table 6 is the essential core of the TSA. These data are input into the TSA version of the input-output table, from which they can be used to estimate indirect and induced impacts of tourism demand on the economy and employment.

Table 7 shows employment in tourism characteristic activities. The column headers are the number of jobs and gender of workers; the rows headers track the twelve industry sectors. In principle, tourism accounts should identify all employment generated by tourism, including that generated by tourism activities' intermediate consumption. The WTO does not recommend including indirect employment at present, because it is not expected that most countries will be able to calculate it.

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[3] The Mongolian national accounts are compiled using Revision 3.1 of the ISIC system. All references to specific ISIC codes are therefore from that revision.

Table 8 shows investment (gross fixed capital formation) in tourism characteristic activities, government, and other related industries. The column headers list the tourism characteristic activities; the row headers list the types of investment (from the SNA asset classification) that might be made by the tourism industry.

Table 9 covers tourism consumption by government. It provides information by level of government (column headers) and by function (row headers). The functions include tourism promotion, general tourism planning and coordination, statistical work on tourism, administration of information bureaus, control and regulation of establishments in contact with visitors, and so on.

Table 10 includes an array of non-monetary indicators of tourism, such as number of visitors, mode of transport, number and capacity of lodgings, and number of establishments in characteristic and connected activities.

C.   Macroeconomic Indicators of Tourism

One of the major objectives of the analysis of tourism and the compilation of TSAs is to develop a single number that summarizes the overall impact of tourism on the economy. The best measure would be tourism value added (TVA), sometimes called tourism GDP, which would show the value of products provided directly to tourists less the cost of inputs used to produce them. An alternate measure, value added from tourism industries (VATI), measures the total value of the output of tourism-characteristic and connected activities less the total input costs of those industries.

Measuring TVA is difficult, because it depends on knowing not only how much tourists consume of characteristic products that are entirely tourism-dependent, such as lodging, but also on having tourism coefficients with which to estimate how much they consume of characteristic and connected products also consumed by non-tourists. When those shares are known, they are applied to the input costs of the associated industries to determine value added generated by producing for tourists. This is then summed to calculate TVA, which is then an indicator of the share of direct tourism consumption in GDP. The same shares will be used to estimate the quantity of employment directly generated by tourism.

VATI is a simpler measure to calculate, but is less useful for policy purposes. It is a measure of the value added in the industries producing characteristic products, irrespective of the share of those products actually consumed by tourists. It is of interest to those focused on the supply side of tourism activity, whereas TVA captures the contribution of tourism to the economy.

TVA is a measure of the direct impacts of tourism, but does not include indirect or induced impacts. That is, it measures the value added due to consumption by tourists, but does not measure the value added from consumption of input goods by tourism characteristic activities – indirect impacts – nor does it measure the consumption of employees in tourism characteristic activities - induced impacts. Thus, for example, the TVA will include the value added by the hotel industry, but it will not include the value added in the food processing industry that provides food and beverages to the hotels or the value added associated with the consumption of hotel employees.

For purchases made through travel agents or for package tours, the value of the item itself – plane ticket, hotel room, etc – is considered to be the product of the airline or the hotel industry, rather than the product of the travel agency. The agency's product is its service in making the items available; its input costs are office space, telephones, and so on. The agency or tour operator's product does not include the tickets or hotel rooms themselves, so their input costs do not include the price of flights or lodging. The airline provides transportation, with input costs being the planes, pilots, and so on. Similarly the hotel provides lodging, with input costs of buildings, staff, and so on. Thus TVA will include the value added by travel agents and tour operators as their commissions less operating costs, and value added by airlines as ticket prices less the costs of planes, pilots and other operating costs – which may include the commissions they pay to travel agents. The output of travel agencies and tour operators is analogous to that of retail stores, and is referred to as trade margins in the national accounts.

Grey areas arise in determining which consumption should be allocated to tourism, particularly for connected products. For inbound tourists, all expenditure is allocated to tourism, even of everyday items like clothes or toiletries, simply because if they had not traveled those purchases would not have occurred in the country of reference. For domestic tourists, however, the line is less clear. If a tourist goes to the beach, and while there she purchases some new clothing at a shop in the tourist area, but she wears the items regularly when she returns home, should this be considered a part of tourist expenditure? From a national perspective, probably not – but from the regional or local perspective of the tourist town, it is an exogenous increase in demand.

D.   Tourism Input-Output Tables and Macroeconomic Modeling

The input-output tables are a key component of the national accounts. They are used to calculate coefficients that show the contribution of each product in the economy to the production of each other product, or (less frequently) the contribution of each sector to the output of each other sector. They also include coefficients for the contribution of each product to final consumption, and the employment and government revenues generated from provision of each product. They are used to calculate the impact of a change in final demand on the economy as a whole, tracing it through intermediate goods (indirect effects), employment, and the impacts of changes in employment on final demand (induced effects). The tourism I-O tables are an expansion of the conventional ones to include more data on tourism characteristic products and activities.

Tourism I-O tables are a valuable tool for analyzing the impact of tourism on the economy, but the data requirements to construct them are significant. Even where a detailed I-O table exists, it rarely includes enough detail to track tourism characteristic products. If a country has enough data to build a complete TSA, including employment, government revenue and expenditure, and detailed input cost data and trade margins for tourism activities, it is possible to expand the I-O tables to include tourism as well; however this is not usually the case when a TSA project is just beginning.

While I-O analysis is a valuable economic tool, it has limits in projecting the impact of changes in tourism patterns or other economic change. The coefficients in the I-O tables are fixed, and do not capture changes in relative prices that result from changes in demand. For example, if a certain region suddenly becomes very popular as an international tourist

destination, prices will rise, leading to new investments in hotels, restaurants, tours, and other services in that place.   At the margin, for a relatively small change, the I-O table is adequate to capture this, but when changes become large enough to shift the structure of the economy, the I-O coefficients will no longer be valid. Because of this limitation of I-O approaches, some analysts prefer to use the TSA data to develop computable general equilibrium (CGE) models of the economy. Such models incorporate expectations as to how the relative prices, output, and employment of each sector will change in response to changes elsewhere in the economy. They are much more complex than I-O tables, but are a more powerful tool for projecting the impacts of policy change on the economy as a whole. They go beyond the scope of tourism accounts *per se*, because they depend on broad analysis of the economy with which to develop the functional relationships built into the model. The I-O tables, in contrast, can be calculated directly from the accounting data, and can therefore be considered a part of the accounting system.

E.   Tourism Balance of Payments Accounts

The expansion of the balance of payments (BOP) accounting system to explicitly address tourism may make sense for countries whose economies depend heavily on inbound tourism. Tourism BOP accounts would disaggregate many of the items in the conventional BOP accounts to distinguish those components due to tourism from others. The methodology for constructing tourism BOP accounts has not yet been agreed on through the WTO. In the future, however, it may be of interest to Mongolia, if tourism proves to be an important share of the economy and of foreign exchange earnings.

III.   Demand Side, TSA Tables 1-4

A.   TSA Table 1: Inbound Tourism Expenditures

The first TSA table records the expenditures of foreign visitors on a standard list of characteristic products. Data on inbound tourist expenditures can come from several sources. The first is expenditure surveys conducted at border points as visitors are leaving the country. The second is foreign exchange records, from currency exchanges at banks and through credit card transactions, with which it is possible to determine the total amount spent in foreign exchange in the country. The third, which may be based on the second, is the Balance of Payments accounts, which record credits and debits for international transportation and for travel of non-residents in Mongolia and of Mongolians abroad.

Mongolia apparently does not maintain records of foreign exchange transactions by foreign visitors, according to Bank of Mongolia staff. We have not yet been able to determine what is available through the Balance of Payments accounts. Both of these areas may call for additional work during the second phase of the trip.

The country has, however, conducted several surveys of inbound tourism expenditures, in 1998, 2002, 2004, and 2005.[4] The summary reports are available from the 2002, 2004, and 2005 surveys, but the underlying data are only available for 2005. The initial TSA will therefore use only the 2005 data.   The questionnaires for the 2002, 2004, and 2005 surveys were almost identical, to permit the time series analyses which forms the basis of the reports on the various surveys. Table 1 of this report summarizes the questions in the inbound tourism survey which will be useful for the TSA.

Table 1. Tourism expenditure questionnaire

No.	Question	Comments
1.	Are you a visitor to Mongolia?	If the respondent is a Mongolian resident, the survey is discontinued. Therefore the data provide information only about inbound tourists, and not about Mongolians traveling abroad.
2.	When did you arrive?	The response should be a date; however these variables were somehow lost in the database. This means we cannot consider variations in responses across time. However as all of the surveys were conducted between July and September of 2005, this may not be a problem.
3.	How many nights did you stay?	If the visitor did not stay overnight (e.g. those in transit) they are dropped from the survey. Respondents are also dropped if they stayed over 92 nights. This is not consistent with the WTO definition of a tourist, who can stay up to one year and need not stay overnight.
4.	What is your usual country of residence?	While TSA data are not disaggregated by country of origin, this question will be important in extrapolating from the survey to the whole visitor population, as discussed below.
5-7	Gender, occupation, age	Not needed for the TSA.
8.	Purpose in visiting Mongolia	The categories offered are: leisure/recreation/holiday, visiting friends and relatives (VFR), business/conference/ professional, employment, study, and other. These are not the same options offered on the arrival cards that visitors complete at the border; those include official, personal, work, holiday, transit, study,

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[4] Saffery and Sugar 2003, Mongolia MRTT 2005a, and Weinig 2006.

		Mongolians returning from abroad, and other. This will complicate the process of extrapolating from the survey to the whole visitor population, as discussed below.
9-14	Why Mongolia, sources of information about the country, etc.	Not needed for the TSA.
15-16	Are you alone or in a group; if in a group, who else is with you?	This question appears to provide information with which to identify the total number of visitors, estimate person-nights in country, and calculate expenditures per person per day. However, the options offered in this question are ambiguous. Fortunately, each question about expenditure also asks how many people were covered by that amount, so we do not have to use this question for the TSA.
17.	Other countries visited on this trip	Not needed for the TSA.
18.	Major sites visited within Mongolia	
19.	Are you on a package tour or traveling independently?	This distinction is important in building the TSA. For individual travelers, it is possible to allocate expenditures among tourism characteristic products. In the absence of detailed data on tour operators, we cannot do this for those on package tours. However the data for the independent travelers may give us a basis for at least estimating that allocation.
For package tour travelers only:		
20.	Name of tour operator	Not needed for the TSA.
21.	Price of package tour, currency, and number of people included	All prices were converted to US dollars before they were entered into the database, so we do not have to deal with currency issues. This figure, combined with question 3 (nights stayed) lets us estimate expenditure per person per day for package tours. We do not have information with which to determine whether the tour was paid for in Mongolia or purchased prior to arriving, so we cannot determine how much of the value added of tour operators remains within the country. We also do not have a direct basis for calculating value added or for allocating the total cost among component services.
22.	"Apart from the international airfare, what else did the package include?"	This question is, unfortunately, ambiguous. In small countries, package tours purchased in advance typically include international airfare, since all travelers must depart from the same airport (e.g. all Germans depart from Frankfurt, all French from Paris). In other countries, particularly the US, international airfare is not included, since travelers may take very different routes and face widely varying travel costs depending on where they live. We cannot determine from this question whether or not international airfare is included in the package, so there will be unavoidable distortion in the price data. The question offers a checklist of options; accommodation, meals, domestic airfare, domestic ground transportation, and sightseeing tours/excursions. Aside form airfare, we can therefore know which services are covered by the package, but not how to allocate the total cost among them.
23.	Other countries included in tour	Not needed for the TSA.
For independent travelers only:		
24.	Aside from airfare, have you paid in advance for other items, which ones, how much? How many people does this cover?	The question offers a checklist of options and asks for amount spent on each; accommodation, meals, domestic airfare, domestic ground transportation, sightseeing tours/excursions, and personal interpreter or guide. This question, along with question 26, is valuable question for allocating expenditures among different tourism characteristic products.
For all travelers:		
25.	How much did you spend in	Questions 25 and 26 are redundant. Question 25, the total

	Mongolia in total? For how many people?	entered by the respondent in question 26, and the calculated total for 26 (calculated by the analysts) should be the same. Not
26.	Provide a breakdown of your expenditures in Mongolia, between accommodation, food, organized tours, ground transportation, domestic air transportation, souvenirs, textiles and leather goods, other. Provide a total of your expenditures. How many people does this cover?	surprisingly, they are not. The detailed expenditure questions are somewhat ambiguous, particularly with respect to which meals are included in the price of a hotel room and which are not. Those points being made, these are the data available with which to estimate in-country expenditures and to allocate them among tourism characteristic activities, and they will be used in that way.
27-38	Evaluation of their experience in Mongolia	Not needed for the TSA.

Two major issues arise in using these data. One concerns how to extrapolate the survey responses to the total population of visitors to Mongolia. The second concerns how to disaggregate the total price of tours; between tour operator margins and the cost of services, between resident and non-resident tour operators, and among the services provided by the package tour.

A.1   Extrapolating from the survey to the whole population

The inbound tourism survey obtained information from about 4,000 visitors to Mongolia. In order to use these data for the TSA we need to be able to extrapolate from the sample to the visitor population as a whole. This will not be easy, nor are the results likely to be very reliable, for a number of reasons. First, the choice of individuals interviewed was not based on any rigorous sampling procedures. The interviews were conducted between July and September, 2005, in the departure lounge of Chinggis Khan International Airport in Ulaan Baatar. No one was interviewed who departed the country by rail or road. This means that people traveling on the fabled Orient Express are not captured in this survey, nor are Chinese or Russian tourists coming by land rather than by air. The surveyors tried to interview everyone departing the country; the emphasis was on obtaining as many responses as possible. Surveyors were available who spoke a number of languages, but some respondents did not provide information because of language problems. The surveyors handed the questionnaires to the respondents to fill out; they did not pose the questions orally or explain what the questions meant where they are ambiguous. They also did not ensure that respondents fill in either questions 20 to 23 or question 24, but not both. Thus the survey only captures information about visitors who left the country by air, it is not a representative sample of that group, and there are errors and misinformation in the data resulting from how it was conducted.

Another problem arises because Mongolian statistics on the number and type of visitors to Mongolia – the universe of which the survey should be a representative sample – are confused. The available data come from the arrival and departure cards completed by all travelers when they cross the border into or out of the country. Data from these cards are entered into a database by the Border Authority, which provides hard copy summary tables to MRTT monthly. Aside from some obvious data errors – e.g. one table showing only 151 people coming into Chinggis Khan airport in May 2006 - the major problem arises from the classification of visitors by purpose.

The arrival card lists eight purposes for visits to Mongolia; official, personal, tourist (meaning those who come on holiday, not the TSA definition of a tourist), work, transit, study, Mongolians returning from abroad, and other. As Border Authority staff explained it, people coming into the country to work are classified as "official," and they are required to have a business visa. To obtain such a visa, it is necessary to have a letter of invitation from a business or government agency in Mongolia. The Mongolian State Employment Agency issues such invitation letters and visas to people coming into the country to work on construction, so many of the Chinese and Russian entrants coming to do construction labor are registered as official. Others, however, apparently come in on tourist visas, which are easier to obtain, although they are not coming on holiday. As a result, the number of people appearing in the data tables as tourists, especially from China and Russia, is far higher than the number coming to Mongolia on holiday. Both MRTT and BA staff are aware that their data are inaccurate because of this issue, but they have not developed procedures for estimating more accurate statistics on the number of entrants to the country classified by purpose.

The meaning of the purpose categories creates other confusions as well. The category for "work" does not appear in any of the statistics that the BA gives to MRTT. Unfortunately, our meetings with BA staff were held before we were able to get a copy of the arrival card. As a result, we did not know that the "work" category was on the form, and we could not raise the question of why it does not appear in the statistics, nor how it relates to "official" and "personal." It would appear that those who checked "work" were added to one of the other categories in the BA tables, since the disaggregated figures by purpose add up to the totals given in their tables. It is clear that the purpose codes on the arrival form do not correspond to the WTO categories, and there is no way to determine which entrants are coming in to work for an employer within the country and which are coming in to work for employers in their home countries.

Given this, the challenge is to figure out what the universe is to which we should extrapolate expenditure data from the inbound survey. To begin, we will have to assume that the inbound survey correctly represents the expenditures of all tourists visiting Mongolia, not only visitors who travel by air. That is, if we can determine how many people entering the country by road or rail should actually be considered tourists, we are assuming that their expenditure patterns in country will be the same as those of the visitors who came by air.

The second question to consider is whether there will be seasonal variation in tourist expenditures. Virtually all holiday visitors are likely to come in the summer (June through September), since Mongolia's harsh winters are likely to deter them. We will expect that most visitors during the other eight months will come on business (checking official or work on the "purpose" question of the arrival card). If the expenditure data show significant differences between the spending patterns of those who come on business and for leisure, our extrapolation will show this pattern as well. We have no *a priori* expectations one way or the other in this regard. One the one hand, business travelers will probably stay in Ulaan Baatar and will not incur costs for domestic travel, excursions, or entertainment. On the other hand, staying in the capital is likely to be more costly than staying in ger camps or camping out in the countryside. We will have to analyze the data to see whether either of these factors outweighs the other. To extrapolate data across a full year, we will need data from the BA for all of 2005, with the date of arrival indicated in the statistics.

Expenditure patterns will certainly be different for students, although they constitute only 2.4% of the sample group. Unfortunately, the BA data do not indicate how long people stay in Mongolia. As a result, we cannot distinguish between students coming to spend a full year at university and people coming for short study tours, business training retreats, or other study activities funded by their employers. The expenditure patterns of the latter group are likely to be similar to those of those coming on business trips or for holiday, whereas those coming to spend a full year (or more) are likely to be younger and have very little money. The expenditure survey may give us some insights into these differences; if they do, we will apply them in estimating expenditures by the full universe of students coming into Mongolia.

The next issue is how to estimate the number of tourists coming in by land. This requires that we address the problem of Border Authority data inaccurately portraying the number of people coming to Mongolia on vacation. To do this, we will need to compare the stated purposes of visitors coming by different modes of travel, and coming from different countries. The workers who are thought to be coming in illegally on tourist visas (holiday visas, that is, not the WTO definition of tourism) are thought to be from neighboring countries. Of course we expect that most people coming by rail or road will be residents of China or Russia. The issue is how many of them declare their purpose to be tourism, in comparison with the number of Chinese or Russians declaring themselves to be tourists who fly in to Ulaan Baatar, and the number of Chinese and Russians in the survey. We expect that people who declare themselves to be tourists who are not from China and Russia are indeed coming on holiday. Moreover, we expect that people from other countries who come over land will be traveling in passenger trains or passenger motor vehicles. Many of the people coming in by road or rail come in on freight trains, trucks, and trailers. We expect that these people are coming in for work reasons. However we don't know whether they are workers, in the WTO sense, or on business trips – i.e. employees of foreign transport or rail companies who are not paid from within Mongolia.

To get a handle on these questions, we will request a fair bit of data from the BA; once we have examined the data, we will have a basis for identifying further questions that may help us estimate the total number of tourists (in the WTO sense) as accurately as possible. We need data disaggregated in all of the following ways:

- By country of origin
- By mode of travel, separated into air, passenger rail, other rail, passenger motor vehicles, and other motor vehicles. This is somewhat more aggregated than the data that the BA provides MRTT. If it is easier to give us the same level of detail as they give MRTT, that is fine.
- By purpose of travel, including all of the eight purposes on the arrivals card rather than the seven included in the data provided to MRTT.
- By date of arrival.

For the BA, the easiest way to give us these data would be to give us a single spreadsheet including information for each individual who arrived in country in 2005, with the following variables for each arrival:

- Date of arrival
- Country of origin
- Mode of travel (without aggregation; we will do those calculations)
- Purpose of travel

If we can have data in this format, we will do all of the totals we need in order to analyze the data. However, the BA does not generally give out individual observations from their database, even without the names of travelers. They may, therefore, prefer to calculate totals themselves and give us the total tables. In this case, we are interested in five sets of tables (spreadsheets, we assume), as follows:

- One set of spreadsheets for each of the five modes of travel; air, passenger rail, non-passenger rail, passenger motor vehicles, and non-passenger motor vehicles.
- Within each set of tables (or spreadsheet file), there will be twelve worksheets, one containing totals for each month of 2005.
- In each worksheet, the rows will correspond to countries of origin and the columns to stated purpose of travel.

Compiling all of these spreadsheets – sixty worksheets in total, in five spreadsheet files –will obviously be somewhat tedious. We are quite willing to do these calculations ourselves, if the BA is willing to give us the underlying data. As we do not need the names of travelers or any other information that could be used to identify individuals, we hope they will consider making the full database available, and allowing us to do the calculations ourselves.

A.2 Tour operators and tourism packages

The proper handling of travel agents and package tours in the TSA requires access to data about the cost structure underlying the services they sell. The purchasers of package tours do not have access to this information; they only know the total price of the package tour.

We have two options for how to estimate a breakdown of the cost of package tours among the elements that make them up:

- We could use the composition of costs for visitors not on tours to allocate the price of the packages. To do this, we would calculate the share of each type of expenditure item in the total, and apply the same shares to the cost of package tours.
- Alternately, we could use the composition of tour operators' costs for services provided (transport, lodging, meals, and entertainment) to allocate the price of the package tour. These data are available from the NSO based on MRTT reporting; this is discussed in detail in Section IV on the supply side of the TSA. In making an allocation on this basis we would not include the intermediate costs or value added of the tour operators to determine the shares of each service provided, because the traveler is not choosing to purchase those items.

There are reasonable arguments for each of these approaches. The logic for the former is that the expenditure pattern of individual travelers will reflect their relative willingness to pay for the different services that make up their trip. The same balance among items may be assumed to apply to those on package tours. If this is the case, then allocating the price of the package based on the expenditures of those traveling on their own may be a good way to actually estimate demand for the different items on which tourists spend money. Since this table is intended to capture the demand side of the industry, such a basis for allocation may make sense.

On the other hand, this is an accounting system, not a model for estimating demand. The total consumption of tourism services should as closely as possible match the supply, both in aggregate (total cost of the package) and in details (costs of the separate components). This argues for using the cost structure of tour operators to allocate the price of packages rather than the demand patterns estimated based on individual travelers.

We plan to use the second method to allocate the cost of packages, as we find the argument that the components of the accounting system should equal each other to be more compelling. We may change our plan, however, if the service charge data from the MRTT form turn out to be too scanty.

The accounts should also, in principle, distinguish between tour packages purchased from resident tour operators and those purchased from operators in the rest of the world. When the package is purchased elsewhere, the margins of the operators accrue to that country's economy, and not to the Mongolian economy, although of course the services themselves – hotels, meals, transport, and so on – accrue to the Mongolian economy.

In practice, non-Mongolian tour operators selling package tours in Mongolia are often contracting for services from a Mongolian operator rather than actually putting together their own components from abroad. In that case both the Mongolian and the foreign company will earn some margins on the package. In essence the Mongolian company is putting together the components, while the foreign company is finding the travelers and signing them up for the package. The tour guides could be employed by either company, although generally there will be at least one Mongolian guide for language reasons. Each company will earn a margin on the services it provides. When the traveler comes to Mongolia, s/he may be identifying the tour as being operated by either company, and may or may not be aware of the relationship between the two.

The expenditure survey asks the price of the package and the name of the tour operator. In some cases it is obvious from the name whether or not it is Mongolian; in other cases we cannot tell. If we had better information about where the packages were purchased and the margins of the different tour operators involved, we would deduct the non-resident margins from the price paid before including the price in Table 1. This would be analogous to not including other expenditures of the traveler in his or her home country, such as luggage or transport to the airport. In this case, however, we will live with the inaccuracy, because the basis on which to make such adjustments is slim and the amounts involved likely to be relatively small.

B.   TSA Tables 2 and 3: Domestic and Outbound Tourism Expenditures

These two tables concern the expenditures of Mongolians on tourism, Table 2 covering domestic expenditures and Table 3 international ones. Several sources of data could provide information for these tables:

- The Household Income and Expenditure Survey (HIES) is a source of some data on household expenditures on domestic or international travel and tourism.
- The census of enterprises or other business surveys may provide data about company expenditures on domestic or international travel.
- The informal sector survey could also be a source of information on business travel.

Some of the data needed to complete these tables are available from the Household Income and Expenditure Survey (HIES). This survey has been conducted on a quarterly basis for a number of years. Each year 11,232 households are included in the survey. Each household is given a log-book in which to record all expenditures over a period of one month. One fourth of the sample, or 2,808 households, provide the data each quarter, and a new sample is selected each year. Through the second quarter of 2005 all 2,808 households provided the information for the same month. Each household's data are compiled into the survey form by the NSO staff, applying the codes for specific expenditures. The full year's worth of survey data are then extrapolated from the sample to the entire population, so annual data are available for each item. (Presumably seasonal variation is analyzed based only on the sample.)

Beginning in the third quarter of 2005, several changes were introduced into the HIES. A new log-book and survey form were introduced, which obtain more detailed data on certain items of interest for the TSA. The data collection schedule was also modified; instead of having all 2,808 households provide data for the same month, the household sample was divided into groups of 936, each providing data for a different month.

The earlier HIES survey collected data about transportation, but did not collect any information on tourism per se. For the transportation items, the two surveys cover the same product codes, so NSO can produce a single 2005 total for each item without any problem.

The new survey introduces several new items related to tourism; holiday tour packages, hotels, restaurants, campers and boats (which we expect will be negligible) and tents. These data are only available for the second half of the year.

Some understanding of Mongolian travel patterns is useful in thinking about how to use these data, both in the initial TSA for which only third and fourth quarter data will be available, and in subsequent iterations. Typical Mongolian travel involves trips to the countryside during the summer, staying in ger camps, camping in tents, or staying in family-owned summer cottages. Households often travel in their own vehicles. In the winter, some households travel abroad on vacation.

In the absence of distinctions between domestic and international travel, this suggests that it might be appropriate to allocate some expenditures between TSA Tables 2 and 3 (domestic and outbound) based on season. At a minimum, we can probably assume that package tours in the winter are outbound travel, since even if Mongolians do go on package tours in their own country, they are hardly like to do so in winter. Hotels in the summer months might be allocated to domestic travel and those in the winter to international travel; those in spring and fall might be divided equally between the two. This is, of course, a distant second best; having data that actually distinguish domestic from international travel would be greatly preferable. However it does offer at least some basis for disaggregating the available data.

The transportation data distinguish between domestic and international trips. Consequently, the seasonal data for these variables may also help us identify the shares of hotel and package tour expenditures to allocate to domestic and international travel. This will be less helpful for restaurants, because people who camp during the summer will not eat in restaurants. For those in ger camps, food is often included with the price, and we may not be able to determine whether it has been entered under code 2501 (catering services), 2503, or 2504 (the

two accommodation codes). We will have to see the instructions for completing the accommodation line of the expenditure log to assess whether or the extent to which that item includes food as well as lodging.

In the first iteration of the accounts, for which only six months of data are available, we may have to simply double the available values to estimate total expenditure for the year. We may want to do this in collaboration with NSO staff, since for other items we will be obtaining the extrapolations to the whole Mongolian population, but in this case they may not do that extrapolation themselves, since the data are not for the full year. If the extrapolation coefficients are straightforward, we may be able to obtain them from the NSO and do this ourselves. If they are complex, however, it may be preferable to at least work with NSO staff on them, or perhaps ask them if they can do this part of the calculations.

For one item, luggage, there has been a change that makes the two surveys incompatible with each other. In the old survey, a single code included "luggage and bags" – presumably that means both suitcases used for travel and smaller bags for everyday use. In the new survey the two items are separated. Only suitcases are of interest for the TSA. How we use the data on this item will depend on what the NSO does with them. It should be straightforward to use the data from the third and fourth quarters to establish a ratio between the two items, and apply it to the data from the first and second quarters. This would make it possible to calculate an annual total for each of the two items, which could then be extrapolated to the whole population. If the NSO does this, then we will be interested in their 2005 annual figure for luggage alone.

For luggage, as for tents, campers and boats, seasonal variation is not likely to be significant. For 2005, therefore, it will be reasonable to simply double the data for the 3rd and 4th quarters to estimate expenditures for the full year. In particular, this is a reasonable strategy for luggage if disaggregating data for the first two quarters proves cumbersome. Tents, campers and boats will be allocated to TSA Table 2, domestic tourism. Luggage should be disaggregated between domestic and international tourism based on the number of days spent in each; however those data are not available. Instead, we can disaggregate based on expenditures allocated to each category, though this will much more heavily weight it towards international travel, as it is much more expensive than domestic travel.

For the restaurant data, we will have to estimate how much to allocate to tourism, since non-tourists also go to restaurants. If we had a domestic tourism expenditure survey analogous to the inbound one, we would have a reasonably reliable way to do this. In the absence of any such thing, or of any surveys of restaurant clients with which to distinguish locals from visitors, we will have to make do with the only data we have. These are of several types:

- Expenditure on hotels by inbound tourists
- Expenditure on hotels by Mongolians, within country and abroad (not separated, although as discussed above we may estimate the difference based on seasonal variation)
- Expenditure on domestic transport by inbound tourists
- Expenditure on intercity transport by Mongolians
- Expenditure on restaurants by inbound tourists

The five items above are fully allocated to tourism. The sixth item is expenditure on restaurants by Mongolians. Only a share of this is for tourism; the problem is to estimate that share. To do so, we will make an assumption that the ratio of tourism expenditures within

Mongolia on hotels, transport, and restaurants will be the same for inbound tourists as for Mongolians. That set of ratios can provide a basis for estimating the share of Mongolian restaurant expenditure to allocate to domestic travel.

This is, of course, a rather crude assumption. Mongolians traveling in country may have to pay for transport but stay with friends or relatives at their destination and spend little or nothing on food and lodging. This might make the share of transport higher in their travel budgets than it is for foreigners. On the other hand, public transit is probably very cheap relative to what foreigners spend on transport, so this may balance out. A greater risk may be that middle-class Mongolians may travel in their own vehicles, so their travel expenses will not show up at all, whereas the domestic transport costs of foreigners will always show up. These reasons are why we will consider the ratios among all three expenditure items in deriving a tourism coefficient for Mongolian restaurant expenditures. If we can obtain data on Mongolian entertainment expenditures, we will apply the same ratio to allocate them to tourism. This is obviously highly inexact, but we consider it preferable to make some well-documented guesses for the TSA than to entirely omit restaurant (and entertainment) expenditures.

Table 2, on the next page, summarizes the data we would like to obtain from NSO for the HIES.

Regarding business travel, there are question in the NSO enterprise surveys (discussed below) about how much firms spend on trips. These data do not distinguish between domestic and international travel, however. At this point, therefore, they are not that useful for the TSA, because we cannot determined from them how business travel affects the Mongolian economy. We have recommend to the NSO that in future version of their enterprise surveys they ask for separate values for domestic and international travel, which they indicated should be feasible.

The informal sector survey might contribute some information on business travel, but we have not yet been able to obtain the survey form to determine whether it does. This is discussed below in section IV.F.

C.   Table 4: Internal Tourism Consumption

TSA Table 4 is the sum of data in TSA Tables 1 and 2, so no additional data sources are needed to complete it. We will compile Table 4, though all the caveats applicable to data in Tables 1 and 2 will obviously apply here as well.

Table 2. Use of HIES Data for the TSA

Original code	New code	Item	Comments	Time Period
Ch. 5, Qu. 4, Code 0401	Ch. 5, Qu. 27, code 2701	Code 0401 includes both suitcases and bags; code 2701 includes only suitcases.	Suitcases are a tourism characteristic product, although the TSA now focuses largely on services.	See discussion above.
Ch. 5, Qu. 13:	Ch. 5, Qu. 17			
1302	1709	Domestic air transport	Table 2, line 3.4	2005 total
1303	1710	International air transport	Table 2, line 3.4. This goes in Table 2, because the ticket is purchased in Mongolia even though the traveler is going abroad.	2005 total
1304	1702	Domestic rail transport	Table 2, line 3.1	2005 total
1305	1703	International rail transport	Table 2, line 3.1. This goes in Table 2, because the ticket is purchased in Mongolia even though the traveler is going abroad.	2005 total
1307	1706	Taxi fare between aimags and UB	Table 2, line 3.2	2005 total
n/a	1712	Transport by sea	Table 3, line 3.3. Any sea transport would presumably for outbound travel, hence in Table 3.	3rd and 4th quarters of 2005. We will estimate annual values by doubling these figures.
	Ch. 5, Qu. 19, code 1915	Durable goods for tour and holidays (campers, boats)	Table 2, line A.2 Connected Products	
	Ch. 5, Qu. 20, code 2012	Tents	Table 2, line A.2 Connected Products	
n/a	Ch. 5, Qu. 23, code 2301	Full cost of package holidays	Sorting out how to disaggregate this item into hotels, meals, transport, and so on, will be one of the challenges of the construction of the TSA; only the margins of the tour operators go on line 4.2, tour operator. The HIES also does not allow us to determine whether these packages were domestic or international; some assumptions will have to be made in order to complete TSA tables 2 and 3.	
	Ch. 5, Qu. 25			
	2501	Catering services	Includes restaurants, cafes, etc.; the word "catering" is not limited to its common use to refer to companies that prepare food for weddings, parties, or other events.	3rd and 4th quarters of 2005. We will estimate annual values by doubling these figures.
	2503	Accommodation services of hotels	Both of these HIES codes fall into COICOP code 11.2.0. It is not clear what distinction is intended between 2503 and 2504; possibly between hotels and ger camps.	
	2504	Accommodation services of holiday villas	This value will be divided between line 1.1 of Table and line 1.1 of Table 3. Since the HIES does not distinguish between domestic and international hotel expenditures, we will have to make some assumptions to allocate this between the two tables.	

IV.   Supply Side: TSA Tables 5 and 6

TSA Tables 5 and 6 organize information about the production of tourism characteristic sectors, including their outputs of characteristic products, their inputs by 1-digit CPC code, and other data. This table takes the form of the SNA supply and use table. The NSO completed an SUT and an I-O table for 2000, but this was considered experimental and the results are not available. They are in the process of finalizing survey instruments with which they expect to collect 2005 data in order to complete updated SUT and I-O tables. These tables will not be ready in time for the first iteration of the TSA. However, the survey data that NSO staff now use to compile the supply tables for the SNA are available. While they are not as comprehensive as the new SUT data will be, they still provide much of what is needed for tables 5 and 6 of the TSA.

Table 3 of this report summarizes the data available from the SNA staff of the NSO for compilation of the TSA. We have discussed this with them, and they agree that they will be able to provide these statistics based on the data they already collect.

A.   Columns 5.1 and 6.1, Hotels and Columns 5.3 and 6.3, Restaurants

The NSO conducts an annual census of hotels and an annual sample survey of restaurants, through which they collect data about the outputs and inputs of these two sectors. They use these data to construct the national income accounts. Their survey forms, which are almost the same for the two sectors, do not include all of the data needed for the TSA, but they do include a good bit of it. These forms are used to collect data about enterprises whose primary activity is either hotels or restaurants. They do not collect data about hotel and restaurant activity in enterprises for which this is relatively unimportant; thus they do not provide any information for columns 5.14/6.14 and 5.15/6.15, for connected and non-specific industries.   Similarly, they do not collect systematic information about secondary activities of hotels and restaurants. They do collect selected information about secondary activities, however. For both sectors, this includes income from renting out buildings, income from renting equipment, and income from subsidiary activities. For hotels it also includes restaurants and bars. For restaurants it also includes income from retail shop sales ("buffets" in Mongolian).

These data can therefore be used to fill in the cells for hotel services provided by enterprises in ISIC code 551 (hotels), and for restaurant services provided by enterprises classified as ISIC code 552 (restaurants). They can also be used to fill in the cell for restaurant services provided by ISIC code 551, and to fill in the total output cells for both sectors. The income from row 4 of the restaurant survey, buffet sales, represents total revenue, not the trade margin for retail sales. If there is any way to identify the value of the items sold based on the "material costs" table within the restaurant survey, then we can deduct that from buffet revenue to estimate the value of distribution margins for sale of non-specific products for the restaurant sector; however this is not likely. We cannot use these data to fill in the value of any other services offered by hotels or restaurants, such as package tours, excursions, or local travel.

These two surveys will also enable us to fill in the rows on intermediate costs, gross value added, and compensation of employees for the two sectors. The surveys ask about excise taxes, but not

Table 3. SNA data from NSO for Compilation of TSA Tables 5 and 6

Products	TOURISM INDUSTRIES										
	6.1- Hotels and similar - 5510, 5511, 5512	6.2 Second homes	6.3 Restaurants and similar - 5520, 5521, 5522	6.4- passenger transport, rail	6.5 - passenger transport, road	6.6 - passenger transport, water	6.7 - passenger transport, air	6.8 Passenger transport supporting services	6.9 Passenger transport and equipment rental	6.10 Travel agencies and similar	6.11-6.12 Culture, sports, recreation - ISIC 92
A. Specific products											
A.1 Characteristic products (a)											
1 – Accommodation services											
1.1 – Hotels and other lodging services (3)	Row 2, hotel survey	X									
1.2 – Second homes services on own account of for free	X		X				X	X	X	X	X
2 – Food and beverage serving services (3)	Row 4, hotel survey	X	Row 2, restaurant survey								
3 – Passenger transport services (3)		X									
3.1 Interurban railway (3)		X		Row 3, transport survey; for rail only (a)							
3.2 Road (3)		X			Row 3, transport survey, for road only (a)						
3.3 Water (3)		X				Row 3, transport survey, for water only (a)					
3.4 Air (3)		X					Row 3, transport survey, for air only (a)				
3.5 Supporting services		X									
3.6 Transport equipment rental		X									
3.7 Maintenance and repair services		X									

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4 – Travel agency, tour operator and tourist guide services	X							Tourism report, row 1 less rows 4, 5, 6 & 9	
4.1 Travel agency (1)	X								
4.2 Tour operator (2)	X								
4.3 Tourist information and tourist guide	X								
5 – Cultural services (3)	X								
5.1 Performing arts	X								
5.2 Museum and other cultural services	X							Should be available from NSO; we have not seen surveys yet	
6 – Recreation and other entertainment services (3)	X								
6.1 Sports and recreational sport services	X								
6.2 Other amusement and recreational services	X								
7 – Miscellaneous tourism services	X								
7.1 Financial and insurance services	X								
7.2 Other good rental services	X								
7.3 Other tourism services	X								
A.2 Connected products	X								
distribution margins	X								
services	X								
B. Non specific products	X								
distribution margins	X		Row 8 less row 49, for rail only	Row 8 less row 49, for road only	Row 8 less row 49, for water only	Row 8 less row 49, for air only			
services	X								
Value of domestically produced goods net of distribution margins		Row 1, restaurant survey							
Value of imported goods net of distribution margins									
TOTAL output (at basic prices)	Row 1, hotel survey	Row 1, restaurant survey	Row 1, rail only	Row 1, road only	Row 1, water only	Row 1, air only		Row 1, tourism report	Calculated by NSO

Consumption of Inputs:

1. Agriculture, forestry and fishery products 2. Ores and minerals 3. Electricity, gas and water 4. Manufacturing 5. Construction work and construction 6. Trade services, restaurants and hotel services 7. Transport, storage and communication services 8. Business services 9. Community, social and personal services	Aggregated by NSO from section 2 of the "income and expenditure" table and all of the "material cost" table in the hotel survey		Aggregated by NSO from section 2 of the "income and expenditure" table and all of the "material cost" table in the restaurant survey	We will request totals for all lines of part A (income and expenditures) of the transport survey, aggregated separately for the four modes of transport. We will then assign ISIC codes to the line items and allocate the intermediate cost data to the appropriate rows in this part of the table.				Compiled by NSO from tourism report	
Total intermediate consumption (at purchasers price)	Calculated by NSO		Calculated by NSO	Row 14, rail only * PS-rail	Row 14, road only * PS-road	Row 14, water only * PS-water	Row 14, air only * PS-air	Calculated by NSO	Calculated by NSO
Total gross value added of activities (at basic prices) - TVA	Calculated by NSO		Calculated by NSO	Row 52 rail only * PS-rail	Row 52 road only * PS-road	Row 52 water only * PS-water	Row 52 air only * PS-air	Calculated by NSO	Calculated by NSO
Compensation of employees	Rows 12+13, hotel survey		Rows 13+14, restaurant survey	Rows 53+67 rail only * PS-rail	Rows 53+67 road only * PS-road	Rows 53+67 water only * PS-water	Rows 53+67 air only * PS-air		Available from NSO
Other taxes less subsidies on production	is this available?		If NSO calculates these in building the national accounts, we would like to have the values. Not clear how they follow directly from the surveys.					is this available?	is this available?
Gross Mixed income	is this available?							is this available?	is this available?
Gross Operating surplus	is this available?							is this available?	is this available?

X does not apply

about value added tax (VAT), corporate tax, or other taxes, nor about subsidies. Therefore we may not be able to further disaggregate value added into its components for the TSA. If these calculations are possible based on NSO data, however, we are certainly interested in including them in the tourism accounts.

All of the hotel income and expenditures can be allocated to tourism, except the portion of restaurant revenue that is attributable to local diners. Restaurant data, however, must be allocated between tourists and local diners. We will do this in two steps. First, we will subtract the total inbound tourist expenditure on restaurants from restaurant output. Then we will apply the restaurant tourism coefficient discussed in Section II.B above to allocate the remaining restaurant output between Mongolian locals and Mongolian tourists. Again, this approach is crude, but it is the only option available to us given the available data.

B.   Columns 5.2 and 6.2, Second Home Ownership

Ownership of a second home visited on holiday is relatively common among middle-class Mongolians. There is, however, no data on second homes at present, and this item is not included in the national accounts. There are also no data on second homes in the HIES. We will therefore be unable to obtain information on second homes for this iteration of the TSA.

C.   Columns 5.4-5.9 and 6.4-6.9, Passenger Transportation and Other Transportation Services

The NSO surveys all transport operators to obtain information about their activities. They can differentiate among transport modes, because they know the enterprises involved; there is only one railroad company and only a few airlines. In the income section, they ask for total income, income from freight, income from passenger transport, and income from an array of other specific activities. In the cost section, they differentiate between manufacturing costs, sales and management costs, and non-operating costs, but do not assign costs between freight and passenger transport; we will, therefore, have to estimate this allocation.

NSO will be able to aggregate the items in the form separately for each of the four modes of transport, effectively giving us data for four ISIC codes: 601 (rail), 602 (road), 612 (inland water), and 62 (air). (In practice, there is probably nothing in 612, water.) We propose to allocate all cost and other items between passenger transport and other activities based on the share of passenger income in total income. This is not particularly accurate, but given the available data it is probably the most realistic option for the initial version of the TSA. The SNA staff member responsible for the transportation survey has agreed that this would be feasible.

Table 3 of this report indicates precisely which values we expect to use for the TSA. In practice, however, it would probably be easiest both for us and for the SNA staff if they simply give us three total sheets for part A of the survey, one each for rail, road, and air transport. From there we can fill in the values that come directly from the survey, calculate the shares of passenger

income in total income for each mode, and apply those shares to estimate costs of passenger transport for each mode.

Because there are only a few airlines and one railroad in Mongolia, there may be a constraint on these data due to confidentiality concerns. It is possible that we will not be permitted to publish rail data in the TSA, because it could violate the confidentiality of the railroad company. The railroad is a public enterprise, however, which may mean that its data are public and this will not be a concern; this remains to be seen. If the rail data are confidential, then we may have to settle for compiling TSA data for road transport and total transport, without including specific data about rail or air transport. The air transport data should not pose confidentiality problems, but if we publish road, air, and total data it would be simple matter for anyone interested to calculate the rail data. We hope, however, that confidentiality issues will not arise with rail transport, so that we can publish data in the TSA for all three modes of transport.

We do not have data for columns 5.8/6.8 and 5.9/6.9, transport services and transport equipment rental. For equipment rental, this probably only means data are missing for air transport. Because of the nature of the roads and maps in Mongolia, visitors do not rent vehicles without hiring a driver as well. Vehicle with drivers will be covered by road transport (ISIC 602, column 5.5/6.5) rather than in the equipment rental column.

D.   Columns 5.10 and 6.10, Tour Operators and Tourism Packages

Travel agents and tour operators are considered, for purposes of the accounts, to be retailers of travel services. The direct cost to them of the services they sell – hotel rooms, transport, meals, and entertainment - are not considered to be part of their intermediate consumption, nor of their output. Their total output is their revenues less the direct costs of the services they sell. Those costs – their intermediate consumption - include the items they must purchase in order to make services available; office space, computers, telephones, etc.   Their value added is their total output less intermediate consumption (as always), and their gross operating surplus (profit) is their value added less salaries, taxes less subsidies, and so on. This is summarized in Table 4 below.

Table 4.   Tour Operators: Cost Structure

Gross revenue	Receipts from sale of package tours, plane tickets, etc.
Less costs of the items sold	Price paid by tour operator or travel agent for transportation, hotels, meals, excursions, etc.
Output - tour operators margins	This is output of the tour operator sector
Less intermediate consumption	Office space, phones, computers, supplies, etc.
Tour operators value added	Included in calculation of TVA
Less salaries and taxes, plus subsidies	
Gross Operating Revenue	

We have data about tour operators from the annual financial reports that they must provide to MRTT. Relevant portions of their reporting form are shown in Table 5 of this report. The

shaded areas are not included in their form, but can be calculated in order to fill in information for the TSA.

Table 5. Tour Operators: Financial Report to MRTT

		Previous Year	**Current Year**
Expenditure and Revenue Items			
1.	**Revenue**		
2.	**Input Costs**		
	Service Charges		
	Transportation		
	Lodging		
	Food		
	Other		
	Advertising		
	Entertainment		
	Of which cost of items sold (transport, lodging, food, entertainment)		
	Tour operators' margins (output) = revenue - cost of items sold		
	Salaries and Bonuses (These sum to employee		
	Social Security/Health compensation)		
	Charges for using natural resources & land		
	Depreciation		
	Interest on s-term loans		
	Payables to foreign companies		
	Electricity		
	Heat		
	Rent on building and plant		
	Business trips, ceremonies, events		
	User costs		
	Other costs		
	Total operating costs (not including cost of items sold)		
	Intermediate consumption = operating costs less (compensation of employees plus depreciation)		
	Gross Value added = output – intermediate consumption		
3.	**Profit/Loss**		
4.	Income Tax		
5.	Indirect Taxes		
6.	Number of employees		

These data are being used by the NSO to compile information about tour operators for the national accounts. They use the calculations depicted in the shaded areas in the table above to arrive at tour operators' margins and value added. NSO staff explained that when a tour operator contracts out for a service rather than being a direct provider, that cost is listed in the service charges portion of the table. If, on the other hand, they are a direct provider – for example, they own their own vans to transport groups to other enterprises' ger camps – the costs show up as fuel, machinery, and so on.   Thus these data should make it possible calculate their margins in

selling services to customers. The value of the items themselves – the ger camps or meals or transport produced by other enterprises but sold through the tour operators – will be omitted here, but will show up in the output data for the hotel, restaurant, or transportation sectors.

When the tour operators themselves are providing some of the items, however, we will not be able to differentiate those from their activities in organizing the tour. If the completed form shows that no services have been contracted for, then we know that at least some have been provided directly. However we do not have the data with which to differentiate between income from transport, lodging, and meals, and income from organizing trips. It will all show up as tour operator revenue, and the enterprise will not appear as a producer of transport, lodging, or meals. As a result, the TSA allocation of output and value added among activities will be incorrect; tour operators' margins will be too high, and output of other tourism services too low. The total VATI and TVA should be correct, however.

Another problem arises with businesses providing some tour operator services, for which this is not the primary activity. When a business registers, its owners designate their operations by sector, based on what they consider to be their primary activity. This survey will go to those who label themselves tour operators (ISIC 6304), rather than labeling themselves hoteliers (ISIC 551) or restaurateurs (ISIC 552). If a hotel, restaurant, or transport company branches out into running tours, this survey will not capture that information. Moreover, because the hotel, restaurant, and transport operator surveys do not ask about non-primary activities such as organizing tours, those surveys will also not capture such activity. It will show up in the total output and value added figures for the hotel, restaurant, and transport sectors, but only as "other;" it will be lost for the purposes of the TSA.

E.   Columns 5.11/6.11 and 5.12/6.12, Entertainment

These two columns together comprise ISIC code 92, entertainment. The NSO conducts several surveys of entertainment enterprises to gather information about this sector. Due to time constraints, we were not able to see those questionnaires during the course of this mission. NSO staff indicated that they thought those data were weaker than the data on hotels, restaurants and transportation, with limitations similar to those in the form used by MRTT to collect tourism data. We have requested that insofar as possible they provide the same data for ISIC 92 as they will provide for the other codes; the adequacy of these data will have to be considered when we review the questionnaires and compile the accounts.

F.   Informal Sector and Shadow Economy

Much of the activity in the Mongolian economy takes place in the informal or shadow economy. "Informal" activity refers to activities undertaken by households or by unregistered enterprises that do not pay taxes and are not covered by NSO or MRTT surveys. "Shadow" activity refers to unreported activity, earnings, and expenses of firms that are registered. This activity is usually unreported in order to reduce tax or administrative burdens.

Under the auspices of the EPRC project an extensive survey of informal and shadow activity was carried out in 2003. (Ott, 2006; IRIS 2005) The summary report on this survey suggests that these two types of activity account for more than half of published GDP figures. (Ott 2006) If detail is available on informal tourism sector activity, the data collected in this survey may make a useful contribution to the TSA calculations.

The full dataset from the informal sector is available at EPRC. Unfortunately, none of the survey documentation was available during the initial visit to Mongolia. Several substantially different versions of the survey questionnaire were found in the EPRC office and on its server, but no one currently working on the project had any information as to which version is correct. Moreover, although we have the statistical data in spreadsheet form, we were unable to locate any documentation to explain how the variables in the spreadsheet were defined, what the variable values signify, or other information that would make it possible actually to analyze and use these data. We contacted the two consultants most recently working on this material to seek more information, but so far they have not provided it.[5] We hope that prior to the next phase of the TSA work we will be able to obtain enough documentation to be able to work with the informal and shadow activity data and see how – or whether – they can contribute to the TSA.

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[5] Mack Ott will be returning to Ulaan Baatar later in July 2006; we hope that while he is in the country he will be able to track down the information we need. Anna Myślińska, who did much of the data work on the survey, has returned to Poland. She offered to email the data documentation, but warned that she was leaving shortly on vacation, and apparently was unable to do so before she left.

V.   Non-Core Elements of the Accounts: Tables 7-10

The WTO considers Tables 1, 2, 4, 5, and 6 to be the core of the TSA, the initial components to be compiled when a country is just beginning the initiative. We are therefore placing less emphasis on Tables 7 through 10 at this stage of the effort. However, some data are available with which it may be possible to compile some portions of these tables, so this is worth a brief discussion.

A.   Table 7: Employment

The labor force survey that NSO has been conducting for the past few years does not include questions with which to identify sectors of employment in sufficient detail to complete TSA Table 7. They will be introducing a new labor force survey this year, which does include the detail needed; however those data will not be available for the initial compilation of the TSA. This table will therefore be left for later iterations of the TSA, once more detailed statistics are available. In any event, because employment is not usually associated with a share of product within an industry, the WTO considers this technically difficult and recommends that it not be done in initial stages of development of TSA.

B.   Table 8: Capital Formation

The NSO surveys and the MRTT tourism reporting form ask limited questions about investment. This information does not provide enough detail to complete the TSA form. As there is still considerable debate within the TSA community about how to define tourism investment, we did not attempt to obtain information for this table.

C.   Table 9: Public Sector Expenditures (Termed Collective Consumption)

We have not attempted to obtain information for this table.

D.   Table 10: Other Indicators

Table 10 is in four parts. Part A concerns the number of trips and number of overnights for inbound tourists, domestic tourists, and outbound tourists. The only portion of these data that should be available is the number of inbound and outbound tourists. This includes those who stay (or leave) for at least one night, but not day trippers. The BA data record the number of border crossings, but do not record the number of overnights within or outside the country. However even information on number of border crossings is not usable for the TSA, because the problems with specifying the purpose of trips mean that we cannot tell how many of the travelers should be considered tourists according to the WTO definition.

Part B covers the arrivals of inbound tourists by mode of transit. The BA data distinguish travels by air, by several categories of rail, and by several categories of road transport, although their categories are not the same as the ones specified in the TSA table. Again,

because we cannot tell who should be considered tourists within the BA data, we cannot clearly identify the values for this table.

Part C covers the capacity and utilization of tourist accommodations, including both commercial ("collective") establishments and private accommodations including second homes. For commercial establishments, the NSO hotel survey will tell us the number of establishments, the capacity in beds (row 46), and the capacity utilization in bed-nights (row 47); it does not tell us the number of rooms or room-nights. No information is available about second home or other private accommodations.

Part D covers the number of establishments in tourism characteristic and connected activities, classified according to number of employees. The NSO enterprise surveys and the MRTT tourism reporting form all ask number of employees, so it should be possible to complete this table for hotels, restaurants, tourism operators, transport enterprises, and entertainment enterprises.

VI.   Next Steps

Based on the issues discussed in this report, we have prepared requests to the NSO and the BA for specific data with which to compile the TSA. The next step is for EPRC to pass these on to MRTT, which will make the formal requests for the data.

Once the data have actually been received in digital form by MRTT and EPRC, this consultant will begin work to compile the TSA. Some of this work can be undertaken from the United States, but because questions are likely to arise requiring NSO or BA input, most or all of it will be carried out on a second trip to Mongolia. If possible, this trip should begin by mid-September 2006 to avoid scheduling conflicts later in the fall; however this depends on how quickly the data are obtained.

To the extent that NSO, MRTT, or BA staff are interested in participating in the compilation of the accounts themselves, they will be more than welcome to do so. This would provide an excellent opportunity for them to get a more hands-on understanding of how this work is done, and make it easier for them to compile subsequent sets of tourism satellite accounts with less expatriate technical assistance. The same goes for analysis of the TSA data to assess its implications for development of the country's tourism sector. If they prefer to leave this to the consultant in the initial stages of TSA work, however, this will be acceptable as well.

Annex 1: TSA Tables

Table 1 Inbound tourism consumption, by products and categories of visitors (visitor final consumption expenditure in cash) (Net valuation)

Products	Same-day visitors (1.1)	Tourists (1.2)	Total visitors (1.3) = (1.1) + (1.2)
A. Specific products			
A.1 Characteristic products (a)			
1 – Accommodation services	X		
1.1 – Hotels and other lodging services (3)	X		
1.2 – Second homes services on own account of for free	X	X	X
2 – Food and beverage serving services (3)			
3 – Passenger transport services (3)			
3.1 Interurban railway (3)			
3.2 Road (3)			
3.3 Water (3)			
3.4 Air (3)			
3.5 Supporting services			
3.6 Transport equipment rental			
3.7 Maintenance and repair services			
4 – Travel agency, tour operator and tourist guide services			
4.1 Travel agency (1)			
4.2 Tour operator (2)			
4.3 Tourist information and tourist guide			
5 – Cultural services (3)			
5.1 Performing arts			
5.2 Museum and other cultural services			
6 – Recreation and other entertainment services (3)			
6.1 Sports and recreational sport services			
6.2 Other amusement and recreational services			
7 – Miscellaneous tourism services			
7.1 Financial and insurance services			
7.2 Other good rental services			
7.3 Other tourism services			
A.2 Connected products			
distribution margins			
goods (4)			
Services			
B. Non specific products			
distribution margins			
goods (4)			
services			
TOTAL			
number of trips			
number of overnights			

X does not apply

(1) Corresponds to the margins of the travel agencies
(2) Corresponds to the margins of the tour operators
(3) The value is net of the amounts paid to travel agencies and tour operators

(a) Even if they are called "products", no goods are included for the time being. Two main reasons led to that decision:

- the importance of the existing differences (both in level and structure) between the types of goods acquired by visitors according to the country and place visited;
- the existing limitations of the available sources of statistical information. Nevertheless, goods are not totally banned from the analysis, as retail trade services (specialized and non specialized) associated with the sale of goods to visitors are included within the list.

(4) The value is net of distribution margins

This is due to the fact that the associated productive activity is an activity which is in contact with the visitor and thus, given certain circumstances, can be viewed as a tourism activity. Moreover, the list of products included in each of the 7 groups under consideration is shown in Annex II; the explanatory notes for each of them are also included in Annex I, in order that they may be clearly identified.

Table 2   Domestic tourism consumption, by products and ad hoc sets of resident visitors (visitor final consumption expenditure in cash)   (Net valuation)

Products	Resident visitors travelling only within the country of reference			Resident visitors travelling to a different country(*)			All resident visitors (**)		
	Same-day visitors (2.1)	Tourists (2.2)	Total visitors (2.3) = (2.1) + (2.2)	Same-day visitors (2.4)	Tourists (2.5)	Total visitors (2.6) = (2.4) + (2.5)	Same-day visitors (2.7) = (2.1) + 2.4)	Tourists (2.8) = (2.2) + (2.5)	Total visitors (2.9) = (2.3) + (2.6)
A. Specific products									
A.1 Characteristic products (a)									
1 – Accommodation services	X			X			X		
1.1 – Hotels and other lodging services (3)	X			X			X		
1.2 – Second homes services on own account of for free	X	X	X	X	X	X	X	X	X
2 – Food and beverage serving services (3)									
3 – Passenger transport services (3)									
3.1 Interurban railway (3)									
3.2 Road (3)									
3.3 Water (3)									
3.4 Air (3)									
3.5 Supporting services									
3.6 Transport equipment rental									
3.7 Maintenance and repair services									
4 – Travel agency, tour operator and tourist guide services									
4.1 Travel agency (1)									
4.2 Tour operator (2)									
4.3 Tourist information and tourist guide									
5 – Cultural services (3)									
5.1 Performing arts									
5.2 Museum and other cultural services									
6 – Recreation and other entertainment services (3)									
6.1 Sports and recreational sport services									
6.2 Other amusement and recreational services									
7 – Miscellaneous tourism services									
7.1 Financial and insurance services									
7.2 Other good rental services									
7.3 Other tourism services									
A.2 Connected products									
distribution margins									
goods (4)									
services									
B. Non specific products									
distribution margins									
goods (4)									

services
TOTAL

number of trips
number of overnights

X does not apply

(a) See note under Table 1
(*) This set of visitors refers to those resident visitors which trip will take them outside the economic territory of the country of reference. These columns will include their consumption expenditure before departure or after their return.

(**) Due to the fact that some expenditures cannot be associated specifically to any of these categories of visitors (for instance, single purpose consumer durables bought or purchased outside the context of a trip), the estimation of domestic tourism consumption (which corresponds to the last column of the table) will require some specific adjustments. Visitor final consumption expenditure in cash for all resident visitors, is not strictly the sum of this concept for each category of visitors.

(1) Corresponds to the margins of the travel agencies
(2) Corresponds to the margins of the tour operators
(3) The value is net of the amounts paid to travel agencies and tour operators
(4) The value is net of distribution margins

Table 3 Outbound tourism consumption, by products and categories of visitors (visitor final consumption expenditure in cash) (Net valuation)

Products	Same-day visitors (3.1)	Tourists (3.2)	Total visitors (3.3)=(3.1)+(3.2)
A. Specific products			
A.1 Characteristic products (a)			
1 – Accommodation services	X		
1.1 – Hotels and other lodging services (3)	X		
1.2 – Second homes services on own account of for free	X	X	X
2 – Food and beverage serving services (3)			
3 – Passenger transport services (3)			
3.1 Interurban railway (3)			
3.2 Road (3)			
3.3 Water (3)			
3.4 Air (3)			
3.5 Supporting services			
3.6 Transport equipment rental			
3.7 Maintenance and repair services			
4 – Travel agency, tour operator and tourist guide services			
4.1 Travel agency (1)			
4.2 Tour operator (2)			
4.3 Tourist information and tourist guide			
5 – Cultural services (3)			
5.1 Performing arts			
5.2 Museum and other cultural services			
6 – Recreation and other entertainment services (3)			
6.1 Sports and recreational sport services			
6.2 Other amusement and recreational services			
7 – Miscellaneous tourism services			
7.1 Financial and insurance services			
7.2 Other good rental services			
7.3 Other tourism services			
A.2 Connected products			
distribution margins			
goods (4)			
Services			
B. Non specific products			
distribution margins			
goods (4)			
services			
TOTAL			
number of trips			
number of overnights			

X does not apply

(a) See note under Table 1
(1) Corresponds to the margins of the travel agencies
(2) Corresponds to the margins of the tour operators
(3) The value is net of the amounts paid to travel agencies and tour operators
(4) The value is net of distribution margins

Table 4 Internal tourism consumption, by products and types of tourism (Net valuation)

Products	Visitors final consumption expenditure in cash			Other components of visitors consumption (4.4)***	Internal tourism consumption (in cash and in kind) (4.5) = (4.3) + (4.4)
	Inbound tourism consumption (4.1)*	Domestic tourism consumption (4.2)**	Internal tourism consumption in cash (4.1) + (4.2) = (4.3)		
A. Specific products					
A.1 Characteristic products (a)					
1 – Accommodation services					
1.1 – Hotels and other lodging services (3)					
1.2 – Second homes services on own account of for free	X	X	X		
2 – Food and beverage serving services (3)					
3 – Passenger transport services (3)					
3.1 Interurban railway (3)					
3.2 Road (3)					
3.3 Water (3)					
3.4 Air (3)					
3.5 Supporting services					
3.6 Transport equipment rental					
3.7 Maintenance and repair services					
4 – Travel agency, tour operator and tourist guide services					
4.1 Travel agency (1)					
4.2 Tour operator (2)					
4.3 Tourist information and tourist guide					
5 – Cultural services (3)					
5.1 Performing arts					
5.2 Museum and other cultural services					
6 – Recreation and other entertainment services (3)					
6.1 Sports and recreational sport services					
6.2 Other amusement and recreational services					
7 – Miscellaneous tourism services					
7.1 Financial and insurance services					
7.2 Other good rental services					
7.3 Other tourism services					
A.2 Connected products					
distribution margins					
Services					
B. Non specific products					
distribution margins					
services					
Value of domestically produced goods net of distribution margins					
Value of imported goods net of distribution margins					
TOTAL					

X does not apply
(a) See note under Table 1
(*) Corresponds to 1.3 in table 1 (**) Corresponds to 2.9 in table 2 (***) These components (referred to as visitor final consumption expenditure in kind, tourism social transfer in kind and tourism business expenses) are recorded separately as these components are not easily attributable by types of tourism
(1) Corresponds to the margins of the travel agencies   (2) Corresponds to the margins of the tour operators
(3) The value is net of the amounts paid to travel agencies and tour operators

Table 5 Production accounts of tourism industries and other industries (Net valuation)

Products:	5.1 Hotels and similar	5.2 Second home ownership (imputed)	5.3 Restaurants and similar	5.4 Railway passenger transport	5.5 Road passenger transport	5.6 Water passenger transport	5.7 Air passenger transport	5.8 Passenger transport supporting services	5.9 Passenger transport equipment rental	5.10 Travel agencies and similar	5.11 Cultural services	5.12 Sporting and other recreational services	TOTAL tourism Industries (sum of 5.1 to 5.12= 5.13)	Tourism connected Industries 5.14	Non specific Industries 5.15	TOTAL output of domestic producers (at basic prices) 5.13+5.14 +5.15=5.16
								TOURISM INDUSTRIES								
A. Specific products															Output of tourism charac-teristic or connected products by industries whose main activity is in non-specific products	
A.1 Characteristic products (a)																
1 – Accommodation services																
1.1 – Hotels and other lodging services (3)		X														
1.2 – Second homes services on own account of for free	X		X	X	X	X	X	X	X	X	X	X			X	
2 – Food and beverage serving services (3)		X														
3 – Passenger transport services (3)		X														
3.1 Interurban railway (3)		X														
3.2 Road (3)		X														
3.3 Water (3)		X														
3.4 Air (3)		X														
3.5 Supporting services		X														
3.6 Transport equipment rental		X														
3.7 Maintenance and repair services		X														
4 – Travel agency, tour operator and tourist guide services		X														
4.1 Travel agency (1)		X														
4.2 Tour operator (2)		X														
4.3 Tourist information and tourist guide		X														
5 – Cultural services (3)		X														
5.1 Performing arts		X														
5.2 Museum and other cultural services		X														
6 – Recreation and other entertainment services (3)		X														
6.1 Sports and recreational sport services		X														
6.2 Other amusement and recreational services		X														
7 – Miscellaneous tourism services		X														
7.1 Financial and insurance services		X														

		Output of products not associated with tourism, by tourism characteristic or connected industries													Output by rest of economy	
7.2 Other good rental services	X															
7.3 Other tourism services	X															
A.2 Connected products	X															
distribution margins	X															
services	X															
B. Non specific products	X															
distribution margins	X															
services	X															
Value of domestic produced goods net of distribution margins	X															
Value of imported goods net of distribution margins	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
TOTAL output (at basic prices)																
Consumption of inputs:																
1. Agriculture, forestry and fishery products														X	X	
2. Ores and minerals														X	X	
3. Electricity, gas and water														X	X	
4. Manufacturing														X	X	
5. Construction work and construction														X	X	
6. Trade services, restaurants and hotel services														X	X	
7. Transport, storage and communication services														X	X	
8. Business services														X	X	
9. Community, social and personal services														X	X	
Total intermediate consumption (at purchasers price)																
Total gross value added of activities (at basic prices) (VATI)																
Compensation of employees																
Other taxes less subsidies on production																
Gross Mixed income																
Gross Operating surplus																

X - does not apply   (a) See note under Table 1   (1) Corresponds to the margins of the travel agencies   (2) Corresponds to the margins of the tour operators
(3) The value is net of the amounts paid to travel agencies and tour operators

Table 6   Domestic supply and internal tourism consumption, by products   (Net valuation)

Products	TOURISM INDUSTRIES – from Table 5 (output) and Table 4 (tourism share in consumption)								TOTAL tourism Industries – columns Sum of 6.1 to 6.12 = 6.13		Tourism connected Industries 6.14		Non specific Industries 6.15		Total output of domestic producers (at basic prices) Sum of 6.1 to 6.15 = 6.16	Imports 6.17	Taxes less subsidies on domestic output and imports 6.18	Domestic supply (at purchasers price) 6.16 + 6.17 + 6.18 = 6.19	Internal tourism consumption (total from Table 4) 6.20	Tourism ratio on supply 6.20 ÷ 6.19
	6.1- Hotels and similar		6.2 - Second home ownership (imputed)		...		6.12 - Sporting and other recreational services													
	output	tourism share	output	tourism share	output	tourism share	output	tourism share	output	tourism share	Output From 5.14	tourism share	Output From 5.15	tourism share						
A. Specific products																				
A.1 Characteristic products (a)																				
1 – Accommodation services																				
1.1 – Hotels and other lodging services (3)			X	X																H9
1.2 – Second homes services on own account of for free	X	X			X	X	X	X			X	X	X	X		X	X			
2 – Food and beverage serving services (3)			X	X																H9
3 – Passenger transport services (3)			X	X																
3.1 Interurban railway (3)			X	X																
3.2 Road (3)			X	X																
3.3 Water (3)			X	X																
3.4 Air (3)			X	X																
3.5 Supporting services			X	X																
3.6 Transport equipment rental			X	X																
3.7 Maintenance and repair services			X	X																
4 – Travel agency, tour operator and tourist guide services			X	X																
4.1 Travel agency (1)			X	X																
4.2 Tour operator (2)			X	X																
4.3 Tourist information and tourist guide			X	X																
5 – Cultural services (3)			X	X																
5.1 Performing arts			X	X																
5.2 Museum and other cultural services			X	X																
6 – Recreation and other entertainment services (3)			X	X																
6.1 Sports and recreational sport services			X	X																
6.2 Other amusement and recreational services			X	X																
7 – Miscellaneous tourism services			X	X																
7.1 Financial and insurance services			X	X																
7.2 Other good rental services			X	X																

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
7.3 Other tourism services			X	X															
A.2 Connected products			X	X															
distribution margins			X	X															
Services			X	X															
B. Non specific products			X	X															
distribution margins			X	X															
services			X	X															
Value of domestically produced goods net of distribution margins			X	X														X	X
Value of imported goods net of distribution margins	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X
TOTAL output (at basic prices)																			
Consumption of Inputs:																			
1. Agriculture, forestry and fishery products										X	X	X	X	X					
2. Ores and minerals										X	X	X	X	X					
3. Electricity, gas and water										X	X	X	X	X					
4. Manufacturing										X	X	X	X	X					
5. Construction work and construction										X	X	X	X	X					
6. Trade services, restaurants and hotel services										X	X	X	X	X					
7. Transport, storage and communication services										X	X	X	X	X					
8. Business services										X	X	X	X	X					
9. Community, social and personal services										X	X	X	X	X					
Total intermediate consumption (at purchasers price)																			
Total gross value added of activities (at basic prices)																			
Compensation of employees																			
Other taxes less subsidies on production																			
Gross Mixed income																			
Gross Operating surplus																			

X does not apply   (a) See note under Table 1
Means that all tourism industries of the proposed list have to be considered one by one in the enumeration
The imports referred here are exclusively those which are purchased within the country of reference.
(1) Corresponds to the margins of the travel agencies   (2) Corresponds to the margins of the tour operators   (3) The value is net of the amounts paid to travel agencies and tour operators

Table 7   Employment in the tourism industries

Tourism industries	Number of establishments	Number of jobs			Status in employment						Number of employed persons		
		total			employees			other			total		
		Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
1 – Hotels and similar													
2 – Second home ownership (imputed)		X	X	X	X	X	X	X	X	X	X	X	X
3 – Restaurants and similar													
4 – Railways passenger transport													
5 – Road passenger transport													
6 – Water passenger transport													
7 – Air passenger transport													
8 – Passenger transport supporting services													
9 – Passenger transport equipment rental													
10 – Travel agencies and similar													
11 – Cultural services													
12 – Sporting and other recreational services													
TOTAL													

X does not apply

Table 8   Tourism gross fixed capital formation of tourism industries and other industries

Capital goods	TOURISM INDUSTRIES 1 - Hotels and similar	2 - Second home ownership (imputed)	3 - Restaurants and similar	4 - Railway passenger transport	5 - Road passenger transport	6 - Water passenger transport	7 - Air passenger transport	8 - Passenger transport supporting services	9 - Passenger transport equipment rental	10 - Travel agencies and similar	11 - Cultural services	12 - Sporting and other recreational services	Total tourism industries	Other industries Public Administration	Others	Total	Total tourism gross fixed capital formation of tourism industries and others
A. Produced non-financial assets																	
A1. Tangible fixed assets																	
1. Tourism accommodation																	
1.1. Hotel and other collective accommodation		X															
1.2. Dwellings for tourism purposes																	
2. Other buildings and structures		X															
2.1. Restaurants and similar buildings		X															
2.2. Construction or infrastructure for passenger transport by road, rail, water, air		X												(1)			
2.3. Buildings for cultural services and similar		X															
2.4. Constructions for sport, recreation and entertainment		X															

2.5. Other constructions and structures	X														(1)	(1)	
3. Passenger transport equipment	X																
3.1. Road and rail	X																
3.2. Water	X																
3.3. Air	X																
4. Machinery and equipment	X														(1)	(1)	
A2. Intangible fixed assets	X														(1)	(1)	
B. Improvement of land used for tourism purposes																	
TOTAL																	
Memo:																	
C. Non produced non-financial assets	X																
1. Tangible non produced assets	X																
2. Intangible non produced assets	X																
TOTAL	X																

X does not apply

(1) Only that which is for tourism purposes

Table 9   Tourism collective consumption, by functions and levels of government

Function	National level (9.1)	Regional (state) level (9.2)	Local level (9.3)	Total tourism collective consumption (9.4)= (9.1)+(9.2)+(9.3)	Memo (*) Intermediate consumption by the tourism industries
Tourism promotion					
General planning and coordination related to tourism affairs					X
Generation of statistics and of basic information on tourism					X
Administration of information bureaus					
Control and regulation of establishments in contact with visitors					X
Specific control to resident and non resident visitors					X
Special civil defence services related with the protection of visitors					
Other services					
TOTAL					

X does not apply

(*) This column reflects the expenditure by the tourism industries in tourism promotion or other services related to the functions described, when relevant.

Table 10 Non-monetary indicators

	Inbound tourism (*)			Domestic tourism			Outbound tourism		
	Same-day visitors	Tourists	Total visitors	Same-day visitors	Tourists	Total visitors	Same-day visitors	Tourists	Total visitors
Number of trips (*)									
Number of overnights									

(*) In the case of inbound tourism, the variable would be "arrivals"

b. Inbound tourism: Number of arrivals and overnights by means of transport

	Number of arrivals	Number of overnights
1.Air		
1.1 Scheduled flights		
1.2 Non scheduled flights		
1.3 Other services		
2. Waterway		
2.1 Passenger lines and ferries		
2.2 Cruise		
2.3 Other		
3. Land		
3.1 Railway		
3.2 Motor coach or bus and other public road transportation		
3.3 Private vehicles		
3.4 Vehicle rental		
3.5 Other means of land transport	AC	AC
TOTAL	AC	AC

c. Number of establishments and capacity by forms of accommodation

	Collective tourism establishments	Private tourism accommodation

	Hotels and similar	Others	Second Homes	Others
number of establishments	H	H		
capacity (rooms)	H1	H1		
capacity (beds)	H1	H1		
capacity utilization (rooms)				
capacity utilization (beds)	H4	H4		

d. Number of establishments in tourism characteristic and tourism connected activities classified according to number of employed persons

	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	>1000	TOTAL
Tourism Characteristic activities										
1 – Hotels and similar										
2 – Second home ownership (imputed)	X	X	X	X	X	X	X	X	X	X
3 – Restaurants and similar										
4 – Railways passenger transport										
5 – Road passenger transport										
6 – Water passenger transport										
7 – Air passenger transport										
8 – Passenger transport supporting services										
9 – Passenger transport equipment rental										
10 – Travel agencies and similar										
11 – Cultural services										
12 – Sporting and other recreational services										
Tourism Connected activities										
TOTAL										

Annex 2.   Individuals Interviewed

MRTT

T. Purevsuren	Officer of Tourism Department[6]
U. Burmaa	Officer of Tourism Department*
T. Batjargal	Director General, Tourism Department, MRTT*

NSO

S.Ariunbold	Officer, Methodology and Research Department*
R. Baasanjav	Officer, Methodology and Research Department
Baigalmaa	Officer, Statistical Policy Coordination and Planning (tourism data)*
B. Davaakhuu	Senior Officer, Population and Social Statistics Division, Statistical Planning and Policy Coordination Department
O. Erdenesanaa	Senior Officer, Statistical Integrated Policy Division (hotel and restaurant data)
M. Oyuntsetseg	Officer, Population and Social Statistics Division, Statistical Planning and Policy Coordination Department (Household Income and Expenditure Survey)
B.Saranchimeg	Senior Officer, Methodology and Research Department
Solongo, Officer	Statistical Policy Coordination and Planning (transportation data)

Others

Garid	Mongol Bank
G.Ganbat	Senior Officer, Custom Inspection Department, Border Authority*
Peter Weinig	Director, Blue Bandana Expeditions, Ulaan Baatar (2005 inbound tourism expenditure survey)

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[6] Secretary, TSA working group

* Member, TSA working group

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