

## TOURISM SATELLITE ACCOUNT FOR ITALY | YEAR 2023

# The direct and indirect impact of tourism on the economy is significant: 9.6% of GDP

In 2023, the direct impact of tourism consumption generates 106.8 billion GDP, which becomes 206.4 billion if indirect effects are also considered and that are measured for the first time with the TSA presented in this document.

Employment in the tourism industries absorbs the 14.4% of the jobs in total economy, while compensation of employees paid amounts to 76 billion euros (9.3% of total).

The average labour productivity in the tourism industries (99,015 euros) is 30% lower than the country average. The per capita income (25,849 euros) is also 32% lower than the national average.

In Spain, the direct and indirect effect of tourism is equal to 12.3% of GDP. The balance is in surplus both for Italy (+26.6 billion euros) and, to a greater extent, for Spain (+74.5 billion), the difference is mainly attributable to the higher tourist expenditure abroad by Italians.

## 203 billion

### Internal tourism consumption

Of which the 40,7% the expenditure of domestic visitors

## 9,6%

### The total impact of tourism on GDP

## 4,3 million

### Job positions

Of which the Accommodation, Food and beverage and Commerce industries absorb 83.5% as a whole

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## Main results<sup>a</sup>

The estimates of the 2023 Tourism Satellite Account (TSA2023) introduce some relevant innovations and improvements in methods and sources and incorporate the results of the general review of the national accounts of September 2024, therefore the results produced are not comparable with previous editions of the TSA for Italy.

In particular, starting from this edition of the TSA, in addition to the direct impact of tourism consumption, expressly foreseen by the Account, the indirect impact is also measured, that is, the impact activated by tourism demand on other economic sectors.

In 2023, tourist flows in Italy amount to 777 million overnight stays and excursionists<sup>b</sup>. Although steadily recovering after the collapse in 2020, flows have not yet reached the levels of 2019, the last reference year before the pandemic, but also, it should be emphasized, the year in which tourist flows peaked.

In 2023, internal tourism consumption in Italy is estimated at 202.7 billion euros at current prices. The main part is attributed to the expenditure of domestic visitors (40.7% of the total), while non-residents expenditure accounts for 37.5%. These two components, domestic and inbound spending, account for 78.3% of internal tourism consumption. The *Other components*, which include the use of second homes for holidays and business trips, represent the remaining 21.7% of tourist demand.

In 2023, the Gross Domestic Product attributed to the tourism sector and directly stimulated by tourism consumption amounted to 106.8 billion euros at current prices (5% of the total). However, if we also consider the indirect effects exerted by tourism demand on other productive sectors, the overall estimate rises to 206.4 billion, reaching 9.6% of GDP.

In 2023, more than 4 million of jobs are allocated to tourism industries, 14.4% of the total economy. The Accommodation, Food and beverage and Commerce industries as a whole absorb more than 80% of all jobs employed by the tourism industries<sup>c</sup>.

Starting from TSA 2023, the compensation of employees paid by tourism industries is estimated<sup>d</sup>. These amount to 76.5 billion euros (9.3% of the total).

## Main results of the Tourism Satellite Account. Year 2023 values in millions of euros, units and percentage of total economy, at current prices

	Mln of euros	%
Output of tourism industries	428,193	10.1
Value added of Tourism Industries	247,944	12.9
Tourism value added	103,061	5.4
Direct and indirect Tourism value added	202,803	10.5
Tourism GDP	106,681	5.0
Direct and indirect Tourism GDP	206,422	9.6
Internal tourism consumption	202,720	16.3
Compensation of employees in tourism industries	76,585	9.3
	Unit of euros	%
Jobs in tourism industries	4,324,540	14.4
Inbound flows	402,402,251	51.8
Domestic flows	374,830,130	48.2

## The tourism balance is positive by over 26 billion

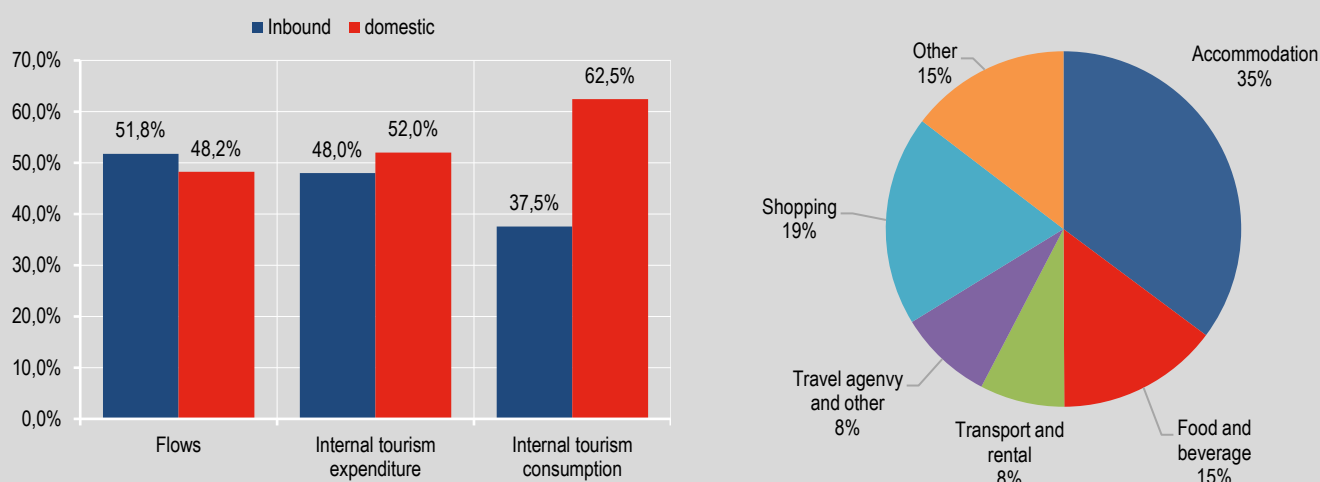
Tourist demand, i.e. the whole of tourism-related expenditure, is characterized in Italy by a strong domestic component, i.e. activated the different purposes (holidays, business, etc.) by residents. Tourism expenditure by resident visitors amounts to 82.5 billion euros in 2023 at current prices and feeds 52% of internal tourism expenditure<sup>e</sup>. If we consider that the *Other components* of tourism consumption are almost entirely attributable to resident visitors, the share of this in determining the total tourist demand rises to 62.5% (126.6 billion). Inbound spending, i.e. spending by foreigners in our country, amounts to 76.1 billion euros in 2023 and represents 37.5% of internal tourism consumption<sup>f</sup>.

Tourist revenues due to inbound tourist flows (76.1 billion) are higher than tourist outings due to the flows of Italians abroad - outbound - (49.4 billion), resulting in a positive balance. The same happens if we consider the total tourist expenditure of Italians, which is made up of domestic spending (82.5 billion) and that made abroad (49.4 billion) and whose balance is positive.

Of note, among the items of expenditure, is the Shopping product<sup>g</sup> which, in 2023, amounts to over 38 billion euros at current prices, representing 19% of the entire tourism consumption and placing itself among the main items of expenditure.

A characterizing element of Italian tourism remains the use on own account of second homes for tourism purposes, whose imputed housing services are estimated in 2023 at 18.3 billion euros.

**FIGURE 1. TOURIST FLOWS, SPENDING AND CONSUMPTION, BY TYPE OF VISITOR. TOURIST CONSUMPTION BY TYPE OF PRODUCT.** Year 2023, percentage



## Sector with low productivity and low per capita incomes

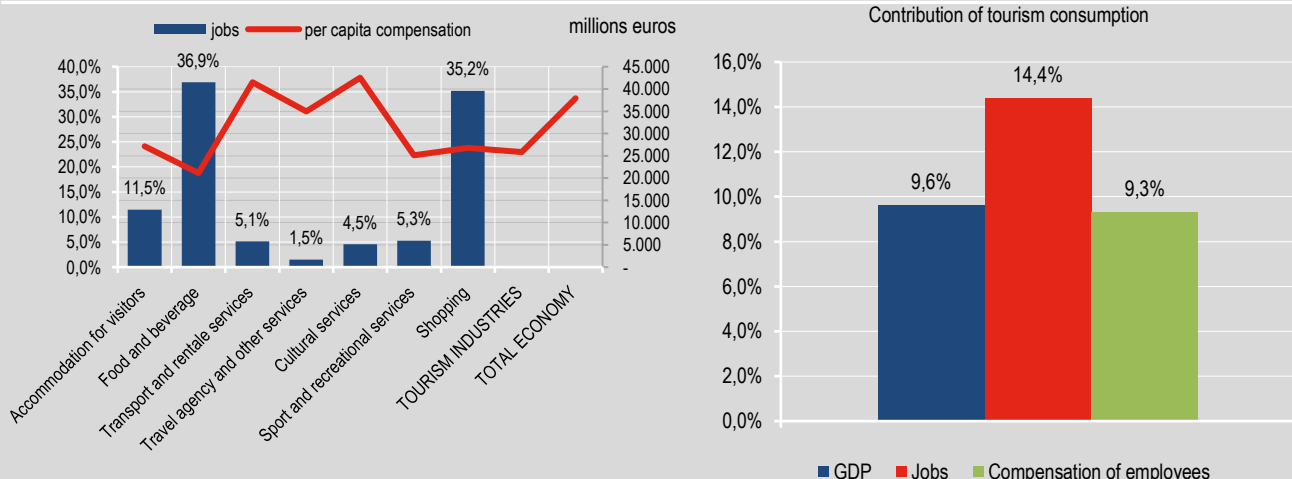
Employment in the tourism sector is characterized by a high intensity of work and is provided in production sectors that are mostly distinguished by a low-skilled workforce. Furthermore, being closely linked to the movement of tourist flows, it undergoes its distinctly seasonal trend. The high variability of working conditions (shifts, reduced hours, night work), the flexibility and informality of employment contracts that characterise the sector, also contribute to outlining further distinctive features of employment in the tourism industries.

The tourism industries in Italy absorb over 4 million jobs, or 14.4% of the total economy, contributing to 10.1% of national production.

In terms of employment, the Accommodation, Food and beverage and Commerce industries together absorb 83.5% of all jobs employed in tourism industries. On the other hand, it is the transport and rental industry considered as a whole that in which the per capita income is markedly higher than the national average (Figure 2).

Comparing it with the entire economy, in terms of per capita productivity, the sector is below the national average, with per capita production (99,015 euros) 30% lower than the country average (141,839 euros).<sup>h</sup> The differential increases further in terms of estimated per capita incomes by employees job position: with 25,849 euros of average per capita income estimated for the entire tourism sector, the differential with the corresponding national figure reaches 32% (Figure 2).

**FIGURE 2. EMPLOYMENT AND PER CAPITA INCOMES, BY MACRO TOURISM SECTOR. CONTRIBUTION OF TOURISM CONSUMPTION TO GDP, EMPLOYMENT AND COMPENSATION OF EMPLOYEES.** Year 2023, million euros and units of euros at current prices, percentage values



## Italy and Spain compared

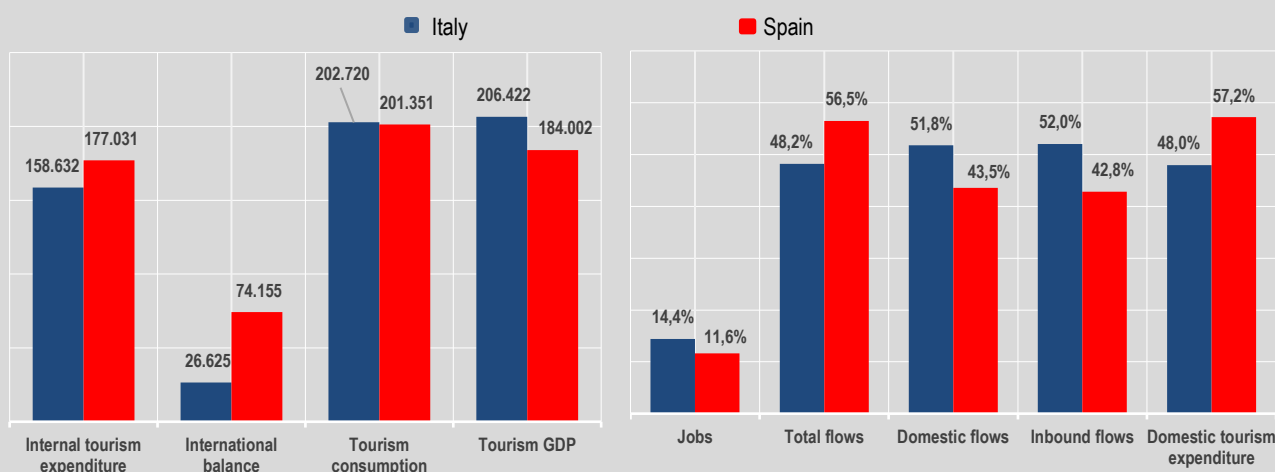
Spain<sup>i</sup> is confirmed as one of the major European tourist destinations (Figure 3). In 2023, the Spanish TSA<sup>j</sup> estimates a total tourist flow of more than 1,500 million units between overnight stays and excursionists, almost double the 777 million units in Italy, with a predominance of domestic flow (57% compared to 48% in Italy). These results show for Spain an almost complete recovery of pre-pandemic levels (-2.5% compared to 2019), while Italy is further behind (-9.4% compared to 2019).

Despite this large difference in the volume of flows, Italian and Spanish tourist consumption settled at comparable levels: 202.7 billion in Italy, 201.3 in Spain, representing 16% and 25% respectively of households final consumptions at current prices in 2023. With reference to the internal tourism expenditure (inbound+domestic), the estimated levels for the two countries, 158.6 billion in Italy and 177 billion in Spain, are instead in favor of the latter, which unlike Italy receives a greater contribution from cross-border tourism (101 billion in inbound expenditure against 76 billion in inbound expenditure in Italy).

In 2023, the balance between inbound and outbound tourism expenditure is in surplus for both Italy and Spain, but while the is estimated at 26.6 billion euros for Italy, Spain estimates as much as 74.5 billion. The difference is attributable to the amount of outbound expenditure, which for Italy amounts, as already mentioned, to 49.4 billion euros, being far greater than the 27 billion spent by Spanish visitors abroad.

In the face of these results, in 2023 in Spain the tourism sector contributed directly and indirectly to 12.3% of the GDP of the entire economy, while in Italy the same contribution stood at 9.6%.<sup>k</sup>

**FIGURE 3. ITALY AND SPAIN, THE MAIN TOURISM INDICATORS.** Year 2023, values in millions of euros and percentage



# Glossary

**Final consumption of households:** value of expenditure that households incur for the purchase of goods and services necessary to satisfy their needs.

**Direct effects:** refer to those directly activated by tourism consumption on the reference economy, that is, how much internal wealth is generated by the demand for goods and services by visitors.

**Indirect effects** measure the impact on other economic sectors of the costs incurred by the tourism sector for the purchase of raw materials and services.

**Internal tourism consumption:** includes inbound and domestic tourism expenditure, as well as services received from visitors whose monetary outlay has been made on the economic territory of the country by resident and non-resident units.

**Internal tourist flows:** internal tourist flows are understood to be the set of overnight stays and excursionists, both inbound and domestic. Overnight stays include both those recorded in accommodation establishments and those made in private homes not managed in a business form and enjoyed by visitors for a fee or free of charge

**Overnight stays:** number of nights spent by customers in accommodation establishments and in private homes not managed in a business form and enjoyed by visitors for a fee or free of charge in the reference period.

**Job positions:** number of jobs consisting of the sum of the first job positions and multiple job positions, regardless of the number of hours worked.

**Base price:** measures the actual amount received from the manufacturer. It includes product levies and excludes product taxes and any trade and transportation margins invoiced separately by the manufacturer.

**Gross domestic product at market prices (GDP):** final result of the production activity of resident production units. It corresponds to the total production of goods and services of the economy, minus intermediate consumption and increased by VAT and indirect taxes on imports. It is also equal to the sum of the value added at basic prices of the various branches of economic activity, plus taxes on products (including VAT and import taxes), net of subsidies on products.

**Tourism Gross Domestic Product:** Gross Domestic Product generated by the tourism sector.

**Inbound tourism expenditure:** includes expenses made on the economic territory of the country by non-resident visitors.

**Outbound tourism expenditure:** includes expenses made in the Rest of the world by resident visitors.

**Domestic tourism expenditure:** includes expenses made on the economic territory of the country by resident visitors.

**Internal tourism expenditure:** includes inbound and domestic expenditures.

**Internal Tourism Consumption:** Includes domestic and outbound expenditures.

**Tourism:** the set of activities and services concerning people who move outside their 'usual environment', for vacation or for business reasons. Therefore, all non-habitual trips, with overnight stay (trips) or without (excursions), are included in the tourist flows.

**Inbound tourism:** coming from a country other than the one of reference.

**Outbound tourism:** refers to residents of the country of reference who go abroad.

**Domestic tourism:** refers to residents of the country of reference who move within the country.

**Domestic tourism:** includes inbound tourism and domestic tourism.

**Domestic tourism:** includes domestic tourism and *outbound tourism*.

**Tourism value added (VAT):** value added produced by tourism industries and other industries and directly generated by domestic tourism consumption.

**Value added of tourism industries (VATI):** value added produced by tourism industries, regardless of whether it can be traced back to tourism activities.

**Visitor:** A person who moves outside of his or her usual environment for a period of less than 12 months, for any principal purpose (business, leisure, or other personal purpose) other than being employed by an entity resident in the country or place visited.

**Full time equivalent units (FTE):** A measure of employment by which part-time jobs (part-time employment contracts and second jobs) are reported in full-time equivalent units. They are calculated net of the redundancy fund.

# Methodological note

Italian TSA is built on the basis of the Methodological Framework (MRF 2008) recommended by the European Commission (Eurostat), the Organisation for Economic Co-operation and Development (OECD) and the World Tourism Organisation (UNWTO). For some years now, the compilation of the TSA for Italy has been entrusted to a working group set up within the "Istat-Bank of Italy Coordination Committee in the field of research and exchange of statistical information".

The Tourism Satellite Account (TSA) is the internationally recognised and recommended tool for assessing the economic dimension of the tourism industry, giving a joint representation of the sector from both the supply and demand sides. Through the TSA it is possible to grasp the size and direct economic impact of tourism, whose characteristics make it difficult to measure through sectoral statistics, generally referring to individual economic activities or their limited groupings. In fact, those that fall within different branches of economic activity such as hotels, public establishments, passenger transport services, travel agencies, recreational and cultural services, retail trade and finally housing services for the use of second holiday homes are considered characteristic productive activities of tourism.

Unlike other industries, tourism draws its structural characteristics and its size from the quantitative and qualitative dynamics of the demand that activates it. From this point of view, the tourism sector is defined on the basis of the activities of visitors and, in particular, the purchase of goods and services to which these activities give rise.

The tourist flows generated by the movement of visitors – whether tourists or same-day visitors – are divided into three types of flow: *incoming* (or *inbound*) when they come from a country other than the country of reference; *outgoing* (or *outbound*) if they concern visitors residing in the country of reference who go abroad; domestic, i.e. relating to the tourist movement of visitors residing within the country of reference.

Combining these three flow components leads to two different aggregate definitions of tourism: internal tourism (*inbound* tourism + domestic tourism) and national tourism (domestic tourism + *outbound* tourism).

From the point of view of products, those goods and services that in the absence of visitors would tend to disappear or whose consumption would be significantly reduced are considered characteristic of tourism. By analogy, economic activities are identified as characteristic when their main output is represented by goods and services characteristic of tourism.

The aggregation scheme used in the TSA for Italy, both for products and activities, coincides with that suggested by the QMR for the first ten categories. In the Italian TSA it was possible to identify only an eleventh product category which consists of purchases of goods made by tourists, defined as *Shopping*. All the remaining expenditure is placed under the item Other (in particular fuel and local public transport). On the production side, however, in addition to the ten main categories, the retail trade of specific goods has been identified. All the remaining economic sectors, united in the other industries, complete the Italian economic system.

The results presented in this report refer to the year 2023, the year for which most sources are available. In addition to the main source of the National Accounts, the information was obtained by reprocessing the data from the monthly Istat survey on *Occupancy of tourist accommodation establishments* (Istat Offer), from the quarterly sample survey of Istat *Trips and holidays in Italy and abroad* (Istat Demand), from the monthly sample survey conducted by the Bank of Italy, called *Survey on international tourism*. In addition, starting from TSA2023 Istat uses the *tax refund* data provided by the Customs and Monopolies Agency for the integration of the expenditure related to the Shopping product.

Through the information organized in the TSA, it is possible to evaluate the effects directly activated by tourism consumption on the reference economy, i.e. how much internal wealth is generated by the demand for goods and services by visitors. This measure, representing the direct effect of tourism, is the main result that is achieved with the TSA.

In addition to the "direct" impact measured through the TSA, other measurements also include "indirect" and "induced" effects. The indirect contribution measures the impact on other sectors of the expenditure incurred by the tourism sectors for the purchase of raw materials and services. The induced contribution measures the GDP and employment activated by the expenditure of people employed directly or indirectly by the tourism sector. Since TSA2023, Italy has also estimated the indirect effects activated by tourist consumption on the entire economy.

The standard output of the TSA defined in the QMR involves the compilation of 10 tables. This note presents the economic results of the first six tables, which describe tourism supply and demand and represent the core of the TSA; the data in Table 7, referring to employment in the tourism industries, as well as the data in Table 10, dedicated to non-monetary indicators such as overnight stays, the number of trips, excursions, divided into residents and non-residents, as well as the modes of transport of non-resident visitors, the number of facilities in the tourism sector.

The first four tables of the TSA present tourist expenditure, divided by the types of tourism that generate it: inbound tourism in Table 1; domestic tourism in Table 2; outbound tourism in Table 3; internal tourism in Table 4, which brings together *inbound* and domestic tourism. Table 5 shows the production in Italy of the tourism characteristic industries, of the related and non-specific ones. The overall data of Table 4, referring to tourist consumption, and Table 5, containing the tourism supply, flow into Table 6 where the value added of tourism (VAT) is determined.

Table 6, which represents the core of the TSA, compares total production and internal tourism consumption after adding to domestic production the components of imports, indirect taxes net of contributions and distribution margins. From the ratio between tourism consumption and total production, both broken down by product, it is possible to determine the tourist coefficient for each type of product.

In order to calculate the value added of tourism, it is necessary to estimate the tourism component of the production of the industry using the aforementioned tourism coefficients defined by product. The tourism intermediate consumptions are estimated by applying the tourist share of the production of the branch to the set of intermediate consumptions of the sector itself. The difference between the tourist share of production and intermediate consumptions is calculated as the tourism added value for each economic sector.

By compiling the tables defined here, it is possible to assess the extent of tourism in Italy through a set of complementary indicators: internal tourism expenditure; internal tourism consumption; the added value of tourism industries and the direct added value of tourism sector; the tourism direct gross domestic product.

## Some distinctive elements of the TSA

Some of the main concepts of TSA useful for a better interpretation of the results are explained below.

### Transport

The transport industry in the TSA is made up of resident carriers only, since the ultimate objective of the Account is to measure the impact of tourism demand on the economy of the country compiling. This explains the relatively low levels of inbound and domestic air freight expenditures, especially when compared to the corresponding outbound expenditure. In the first two cases, in fact, reference is made only to resident carriers; in the case of outbound spending – which stimulates the economies of the foreign countries visited – the spending refers to non-resident carriers.

### Second homes

In the TSA, the use on own account of second homes for tourist purposes gives rise to a monetary valuation of housing services even if there is no underlying monetary transaction, as is the case in the national accounts for housing services rendered to the owners themselves by owned homes. These are the so-called imputed rents.

### Non-monetary data

Table 10a of the TSA is broken down by number of trips and overnight stays by type of tourism and visitors. This quantification does not exhaust the tourist flows underlying the economic estimates contained in the other tables of tourist expenditure. In fact, as a subset of final consumption expenditure in the national accounts, this also includes the underground component of the economy. The calculation of per capita expenditure with TSA data by the user must be interpreted in the light of the above.

### Tourism Industries and Tourism sector

The tourism characteristic industries are those whose main production is represented by characteristic tourist products. The tourism sector as a whole consists not only of the characteristic tourism industries, but also of the other industries that have secondary productions of tourist products and that directly serve the visitor in response to tourism consumption.

## For technical and methodological clarifications

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## Notes

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<sup>a</sup> The TSA2023 tables are published separately from this document.

<sup>b</sup> For the definition of tourist flows, see the glossary.

<sup>c</sup> In estimating the employment of tourism industries, it must be taken into account that we do not refer only to the input of labor used for the production of goods and services purchased by visitors, but to the overall output of industry, regardless of its tourist destination or not. The data presented are calculated from Table 7 of the TSA, relating to employment in the tourism industries.

<sup>d</sup> Table 5 of the TSA.

<sup>e</sup> Internal tourism expenditure is the sum of inbound (Table 1 of the TSA) and domestic (Table 2 of the TSA) expenditure.

<sup>f</sup> Although it is lower than domestic tourism, its contribution to the economy is to be considered entirely additional since, in the absence of foreign flows, the corresponding tourism expenditure would be zero, unlike what happens for domestic tourist demand which, even in the absence of tourism, would remain in part to feed the country's economy in the form of households final consumptions. In other words, the incidence of the foreign component on internal tourism consumption expresses the degree of dependence of an economy on international tourist flows which, as seen during the pandemic, can undergo drastic reductions.

<sup>g</sup> In the TSA for Italy, the item Shopping refers to a selection of characteristic goods specific to our country, such as, for example, leather goods and footwear, gastronomic products, souvenirs. The sharp increase in expenditure for the year 2023 is the result of a methodological innovation developed following the introduction of a new supplementary data source.

<sup>h</sup> Data calculated with data of Tables 5 and 7 of the TSA

<sup>i</sup> [https://www.ine.es/buscar/searchResults.do?Menu\\_botonBuscador=&searchType=DEF\\_SEARCH&startat=0&L=1&searchString=Spanish%20Tourism%20Satellite%20Account.%20Base%202010](https://www.ine.es/buscar/searchResults.do?Menu_botonBuscador=&searchType=DEF_SEARCH&startat=0&L=1&searchString=Spanish%20Tourism%20Satellite%20Account.%20Base%202010)

<sup>j</sup> At the European level, the lack of complete availability of data on the Tourism Satellite Account for the year 2023 still makes it impossible to compare the main monetary and non-monetary aggregates of the TSA with the other major member countries. However, it is possible to compare it with Spain, one of the main tourism competitors of our country with a long tradition in the estimation of TSA.

<sup>k</sup> Italy estimates the total effects of tourism demand through the use of I-O tables, while Spain approaches the calculation from the demand side.