

Czech Republic

Tourism in the economy

According to tourism satellite account (TSA) methodology, the contribution of the tourism industry to the Czech Republic's GDP in 2005 was 3.1% (Table 3.20), with hotels and restaurants accounting for about 1.8% of GDP. Employment in the tourism sector (hotels and restaurants) reached 3.8% of total employment in the same year. Foreign currency revenues amounted to EUR 3 760 million in 2005 and their contribution to GDP was 3.8% and to exports 5.9%. Because of the rapid rate of growth in the national economy, however, and the stagnation of the tourism sector, tourism's share of foreign currency revenues is declining.

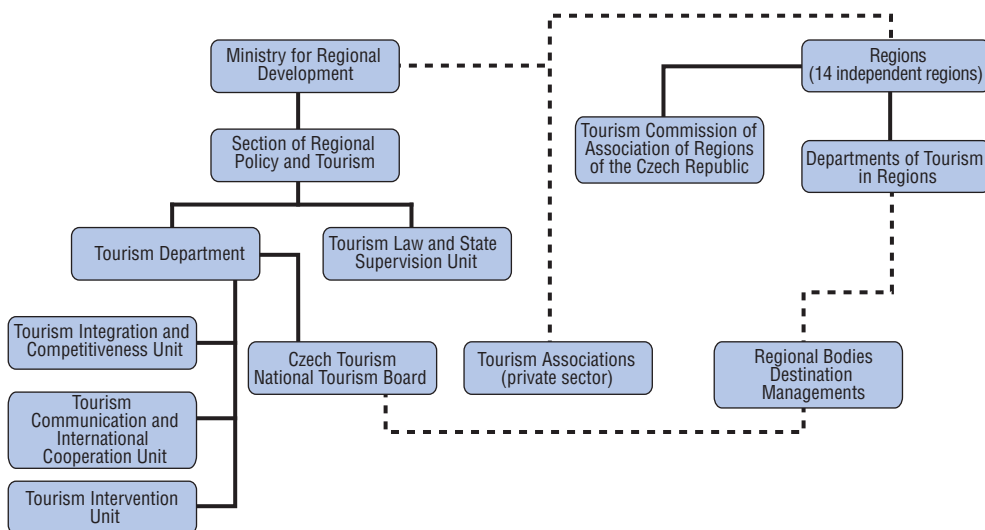
The level of nominal wages in this sector is well below the average of the Czech Republic. The total number of enterprises registered in this sector was 50 233 in 2005.

The number of arrivals of foreign visitors reached 23.4 million in 2005. Foreign tourists represented about 39% of all foreign visitors. Consumption of inbound tourism reached EUR 4 089 million in 2005.

Tourism organisation

At central government level, the Tourism Department of the Ministry for Regional Development manages the development of tourism (Figure 3.8). The Ministry contributes to

Figure 3.8. **Organisational chart of tourism bodies in the Czech Republic**



Source: OECD, adapted from Ministry for Regional Development, 2007.

i) the preparation of relevant legislation; ii) the dissemination and analysis of statistical information; iii) the development of tourism at regional and local levels; iv) the development of activities that foster quality in tourism services; and v) the implementation of measures that enhance co-operation in the field of tourism.

The Czech National Tourism Board (CzechTourism) is a subsidised organisation of the Ministry for Regional Development. Its principal mission is to create and maintain awareness of the Czech Republic as a country with a wide tourism potential. To this end, CzechTourism takes part in tourism activities and exhibitions abroad, operates 28 foreign agencies across 27 countries, and manages advertising.

The Czech Republic's administrative system of 14 self-governing regions came into effect in 2000. This long-awaited regional set-up significantly changed the organisation of tourism in the country so that, regions are now individually represented by regional administrations, while individual communities and municipalities represent local interests.

The budget of the Ministry for Regional Development, the Czech National Tourism Board, the regions and the provision for co-financing European structural funds in tourism from the national budget totalled EUR 49.5 million in 2006, up 46% on 2005 which in turn was 22% up on the 2004 figure of EUR 27.9 million. The Czech National Tourist Board's budget for 2006 was EUR 9.69 million, up by 7.2% on 2005 which in turn was 9.4% up on 2004's budget of EUR 8.27 million.

Tourism is supported through the budget of the Tourism Department of the Ministry for Regional Development under the following programmes:

- **National Programme of Support for Tourism:** Support is provided in the form of a systemic investment subsidy from the state budget. Subsidies may not exceed 50% of the eligible expenditure of a given project, with the balance financed from the applicant's own resources.
- **Joint Regional Operational Programme:** Support is provided by EU funds through the contribution from the European Regional Development Fund (ERDF). ERDF funds can contribute up to 75% of the government's expenditure on a project, with the balance financed by the state and the applicant's own resources (shares vary according to the type of project).

Tourism related policies and programmes

The main strategic document is the State Tourism Policy, endorsed by the government in 2002. This document outlines a comprehensive approach to tourism development. The Czech Republic's entry into the EU in 2004 required a further updating of the policy in early 2005. The principal policy measures are summarised in Box 3.4.

Recently, a new State Tourism Policy has been prepared for the period 2007-13, in line with the programming period of the European Union. The Czech Republic is aiming to implement all the recommendations of the European Commission in the field of the Tourism.

The Ministry for Regional Development promotes close co-operation among the stakeholders involved in tourism and a better coherence of tourism policies. Major stakeholders include the regional and local authorities, industry, associations (such as the National Hotels and Restaurants Federation, Associations of the Tour Operators and Travel Agencies, Association of Tourism Guides) and tourist destinations.

Box 3.4. Major measures of the state tourism policy

- To set up and implement the Tourism Satellite Account (TSA).
- To create and implement a system for receiving European Union financial assistance in the area of tourism and determining its focus after 2006.
- To set up an integrated information system for tourism.
- To support the development of the tourism product, focusing primarily on sectors such as Spa Tourism, Congress and Incentive Tourism, Rural Tourism, Ecological Tourism and Cycle Tourism.
- To increase the efficiency of foreign promotion of the Czech Republic on the world tourism market.
- To secure more effective marketing of tourism in the Czech Republic.


As an important European cultural, historical and natural tourism destination, the country is focusing on the following markets:

- Urban and cultural tourism, nature tourism, sports tourism and spa tourism.
- Meeting, incentive travel, conventions and exhibitions (MICE).

In November 2006, the Czech Statistical Office (CZSO) published the first results of the Tourism Satellite Account of the Czech Republic for 2003-05. The CZSO is currently considering undertaking a regional TSA. There is also an inter-ministerial commission for the co-ordination of tourism development, which links tourism with other policies and examines ways in which national tourism development policies can be made more effective.

Statistical profile**Table 3.17. Inbound tourism: International arrivals and tourism consumption**

	Units	2001	2002	2003	2004	2005
Visitors¹	Thousands	..	..	19 004	22 517	23 387
Tourists (overnight visitors)	Thousands	5 405	4 743	5 076	6 061	6 336
<i>of which:</i>						
Germany	Thousands	1 652	1 451	1 439	1 569	1 607
United Kingdom	Thousands	303	306	412	651	657
Italy	Thousands	317	250	281	391	405
United States	Thousands	238	190	221	293	304
Netherlands	Thousands	242	190	239	274	296
Tourism consumption ²	Billion USD	..	..	3.56	4.58	5.08

StatLink  <http://dx.doi.org/10.1787/154041521023>


1. Visitors include transit passengers.

2. Tourism Satellite Account (TSA) methodology.

Sources: Czech Statistical Office, Tourism Satellite Account, 2007.

Table 3.18. **Outbound tourism: International departures and tourism expenditure**

Units		2003	2004	2005
Departures ¹	Thousands	36 074	36 650	36 190
Tourism expenditure ²	Billion USD	2.21	2.44	2.71

StatLink  <http://dx.doi.org/10.1787/154042832352>


1. Data according to the border statistics.

2. Tourism Satellite Account methodology.

Sources: Czech Statistical Office, Tourism Satellite Account, 2007.

Table 3.19. **Employment in tourism**

Units		2001	2002	2003	2004	2005
Employment in hotels and restaurants	Thousands	159.4	171.7	170.7	174.8	181.7
Men	Thousands	70.0	76.9	80.0 ¹	81.9	84.2
Women	Thousands	89.5	94.8	90.7 ¹	92.9	97.4


StatLink  <http://dx.doi.org/10.1787/154057681317>

1. Estimated data.

Sources: Czech Statistical Office, 2007.

Table 3.20. **Tourism in the national economy**

Units		2001	2002	2003	2004	2005
Tourism as % of gross domestic product	Percentage	..	..	3.4	3.4	3.1
Tourism as % of employment	Percentage	3.4	3.6	3.6	3.7	3.8
Tourism as % of gross value added	Percentage	..	..	3.4	3.1	2.8

StatLink  <http://dx.doi.org/10.1787/154060800356>

Sources: Czech Statistical Office, Tourism Satellite Account, 2007.

Synthesis

The following chapter presents summary details of the tourism sector in 32 countries, 30 of which are OECD members, in addition to Romania and South Africa. Each country section is set out under five main headings:

- Tourism in the economy.
- Tourism organisation.
- Tourism budget.
- Tourism related policies and programmes.
- Statistical profile

For further information, a synopsis table in Annex 3.A1 indicates the main websites for national tourism administrations, national tourism organisations and other important Tourism related organisations.

This chapter focuses mainly on international tourism (inbound and outbound). It also includes some partial data on domestic tourism based on Tourism Satellite Account sources or on national surveys. The measurement of domestic tourism, in terms of the number of tourist trips taken each year, is not generally provided by most countries on a consistent basis and does not readily lend itself to aggregations and international comparisons.

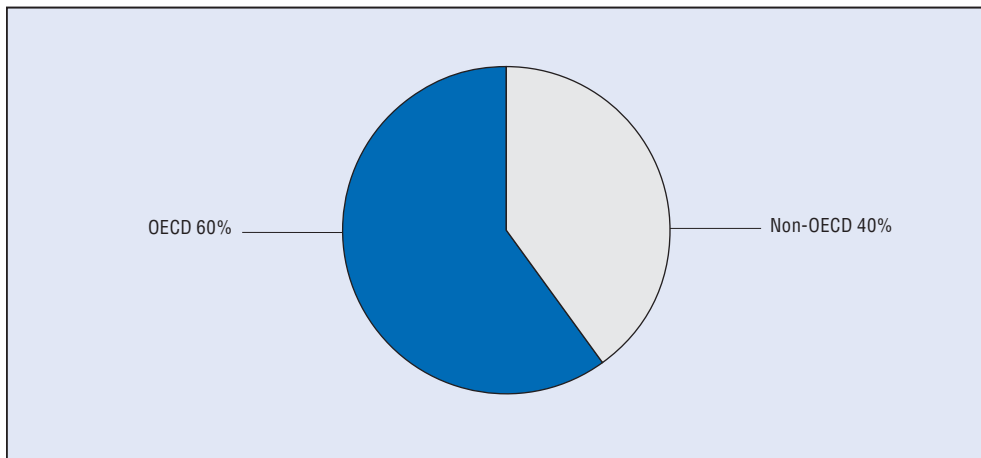
International tourist arrivals, however, are recorded for almost all countries. Data for 2005, the latest year for which complete data are available, show that globally there were 802 million international tourist arrivals (World Tourism Organisation). In the OECD member countries, international tourist arrivals in that year totalled 481.5 million, and thus these countries account for 60.0% of all international tourism by this measure (Figure 3.1).

Eight out of the top ten international tourism destinations are included in this chapter, the exceptions being China and Russia. These eight – France, Spain, USA, Italy, UK, Germany, Mexico and Austria – together accounted for 308.9 million arrivals in 2005, 38.5% of the global total.

Tourism in the economy

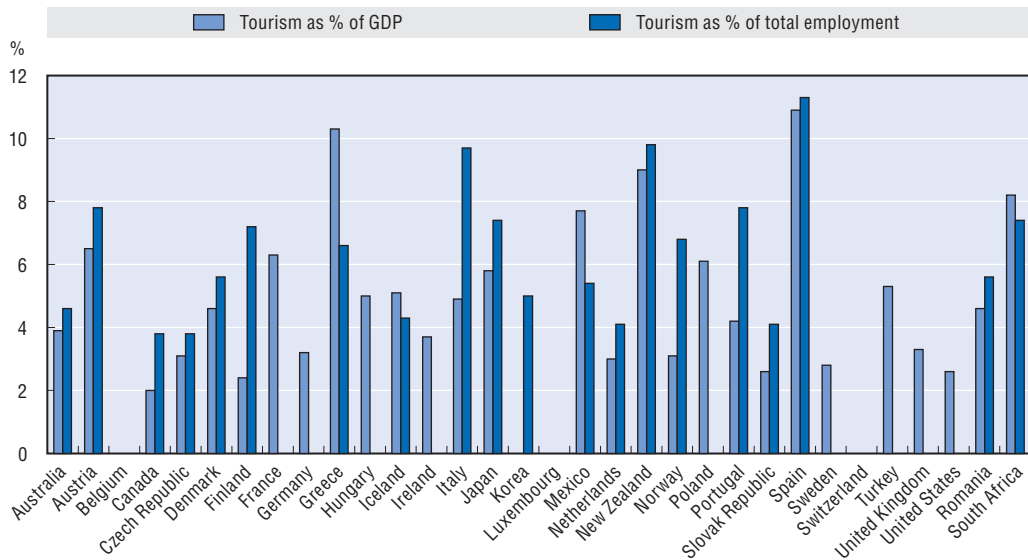
The importance of the tourism sector in the economies of these 32 countries varies widely. To generalise however, tourism accounts for an important share of Gross Domestic Product (GDP) and of services exports in many countries (see Chapter 1, *New Paradigm for International Tourism Policy*), and also generates a substantial share of total employment. Although data coverage of these measures is variable (see individual sections for country details), an idea of tourism's economic importance is given in the Figure 3.2.

Figure 3.1. **International tourist arrivals, world, 2005**



StatLink <http://dx.doi.org/10.1787/153030008744>

Figure 3.2. **Tourism in the economy, 2006**



StatLink <http://dx.doi.org/10.1787/152847245261>

Clearly tourism is an important economic force in many of the countries covered here. For some of the world’s major tourism destinations, tourism plays a crucial role in sustaining employment and in earning foreign currency receipts.

Tourism organisation

The treatment of the tourism sector within the government structures of the countries covered in this chapter varies considerably. Moreover, due to variations in government structures it is difficult to be precise about which portfolio includes tourism. However, the growing economic and political importance of tourism is reflected by the fact that 15 OECD countries have a Ministry or a Secretariat of State with Tourism named in their title.

Several countries have their own dedicated tourism ministries (Greece, Mexico and New Zealand), however in most cases, the tourism portfolio is attached to Economy,

Industry, Trade or SME ministries (Australia, Austria, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Portugal, Romania, Slovak Republic, Spain, Sweden, Switzerland and United States). For a few others, the tourism portfolio is linked to Regional Development (Czech Republic and Hungary), Culture and Sports (Ireland, Korea, Poland, Turkey and United Kingdom), Environment (South Africa) or Transportation (Japan).

Tourism budgets

A comparison of tourism budgets is complicated by issues of exchange rates and, especially, of the different approaches to the public funding of tourism support adopted by governments. Readers are referred to the country sections for details.

As a generalisation, however, the largest item in public budgetary support for tourism tends to be the marketing budgets granted to national tourist offices or their equivalents for international marketing purposes. Again as a generalisation, it is typically the national tourist office that is responsible for marketing the country as a tourism destination to foreign visitors. Regions or specific destinations within countries are then responsible for their own promotion within the country concerned, but generally national governments discourage regions from direct (and usually costly) international marketing themselves. In some countries, such as the United States for example, where it is felt that the country's international profile is inherently high, international marketing budgets are limited.

For domestic tourism, countries are becoming increasingly aware of the economic benefits to be gained from encouraging nationals to take their holidays in their own countries, both in terms of balance of payments benefits (by avoiding expenditure on holidays abroad) and in terms of the economic stimulation that a vigorous domestic tourism sector can generate. As a result, national tourist offices or other public tourism organisations are taking on more responsibility for the active promotion of tourism opportunities within their own countries to their resident population.

Tourism related policies and programmes

Public investment in tourism is again highly varied across countries, and the reader is referred to the country sections for detailed information.

As an economic activity with the potential to create jobs, add value and earn foreign exchange, tourism is increasingly being seen as a sector in which public investment can be justified, in a number of areas. The most common are:

- Investment programmes in infrastructure which can contribute to facilitating access to the tourism industry for nationals and foreigners alike.
- Programmes supporting the small business sector which, in terms of the number of enterprises engaged, is dominated by SMEs; programmes to enhance quality in tourism most commonly through action of training.
- Programmes aimed at the quality of tourism facilities and services (these often involve the introduction and maintenance of national quality standards and quality accreditation schemes).
- Licensing schemes for personnel engaged in tourism (e.g. the licensing of tourism guides).
- The creation of a business and investment climate that is supportive of the tourism sector and which encourages the participation of the private sector as prime investors.

Governments are also increasingly conscious of their role in facilitating international access for visitors to their countries by means of the pursuit of increasingly liberal air transport policies. In the area of environmental policy and conservation, governments are also becoming more directly involved in the promotion of ecologically-friendly policies aimed at minimising the adverse impact of tourism on the physical environment and maximising the sustainability of their tourism sectors.

The concept of public-private partnerships in tourism is being pursued actively by a number of countries, both in the financing of national tourist offices and the development of tourism networks such as those providing information to tourists at a local level, as well as investment programmes geared to leveraging private investment in the tourism sector by means of public pump-priming money.

Policy advice and enabling measures are also increasing, led by national governments, to assist tourism industries and especially small businesses to meet the fast-growing competition in global tourism. A notable emphasis is now being seen on maximising the use of on-line technologies to enable tourism businesses to benefit from and cope with the rapid globalisation of tourism marketplaces and of tourism marketing. Information and reservation systems are at the heart of many of these initiatives, as the direct linkages via the Internet between the tourist and the tourism service supplier strengthen and disintermediation (the elimination of the need for the use of travel intermediaries such as travel agents) increases.

Finally, in addition to the pursuit of national policies and programmes and the promotion of tourism clusters and networks, governments are becoming increasingly aware of the potential benefits to be gained from international co-operation in tourism marketing and promotion and generally take the lead in developing tourism linkages with other, often contiguous, states.

Summary

To summarise, tourism is gaining in importance in the eyes of governments as an economic activity which justifies serious consideration at the level of national policy. Tourism in many countries has already surpassed in economic importance some of the more traditional sectors such as agriculture which historically have commanded greater political attention at national government level. Governments are becoming more aware of the benefits and of the potential pitfalls of the tourism sector in national economic development terms. Closer study of this chapter will illustrate the many initiatives taken by governments in the tourism field and will assist the reader in comparing their own national experience with international best practice.

Basic methodological references

The following definitions are based on UN and UNWTO (1994), International Recommendations on Tourism Statistics (IRTS), UN, Madrid and New York.

Inbound tourism

Arrivals associated to inbound tourism correspond to those arrivals by international (or non-resident) visitors within the economic territory of the country of reference.

Visitors include: a) *Tourists (overnight visitors)*: “a visitor who stays at least one night in a collective or private accommodation in the country visited”; b) *Same-day visitors*: “a visitor who does not spend the night in a collective or private accommodation in the country visited”.

When a person visits the same country several times a year, an equal number of arrivals is recorded. Likewise, if a person visits several countries during the course of a single trip, his/her arrival in each country is recorded separately. Consequently, *arrivals* cannot be assumed to be equal to the number of persons travelling.

Tourism receipts data are obtained from the item “travel, credits” of the Balance of Payments of each country and corresponds to the “expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Fare receipts data are obtained from the item “transportation, passenger services, credits” of the Balance of Payments of each country and corresponds to the “fare expenditure of non-resident visitors (tourists and same-day visitors)” within the economic territory of the country of reference.

Outbound tourism

Departures associated to outbound tourism correspond to the departures of resident visitors outside the economic territory of the country of reference.

Tourism expenditure data in other countries are obtained from the item “travel, debits” of the Balance of Payment of each country and corresponds to the “expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

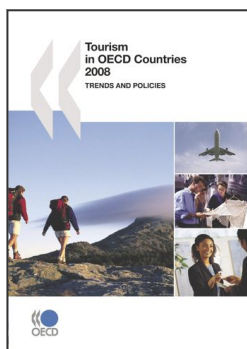
Fare expenditure data in other countries are obtained from the item “transportation, passenger services, debits” of the Balance of Payment of each country and corresponds to the “fare expenditure of resident visitors (tourists and same-day visitor)” outside the economic territory of the country of reference.

Symbols and abbreviations used

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