

GREEK TOURISM SECTOR SET TO SUCCEED



It is well known that in the tourism sector, there is a lot of reciprocity, which leads to at least compensating outbound tourism with inbound tourism. And Greece seems to succeed in this aspect.

Greece ranks fifth as a global tourism destination. In the Hellenic country, tourism is proving to be the main factor easing the effects of the global energy crisis and inflation on the Greek economy. This year, the tourism sector's recovery of about 10%, which is higher than the record year of 2019, is creating expectations of higher-than-expected growth.

Popular destinations such as the southern and southeastern Aegean islands have already seen an increase in tourist arrivals and revenues of around 10%, higher than the pre-pandemic 2019. In June alone, some 500 cruise ships passed through Greece. These are figures that show that Greek inbound tourism is once again thriving.

Not only European tourism

This year (2022) Greece is reporting record arrivals from the United States, with more than half a million passengers coming from direct flights. Starting last March 7, an increase of about 63% per week is expected at the peak of summer. It is well known that American tourism is very "spendy" and generates substantial income in stores, hotels, and restaurants, which is positive news for the country's weak economy.

For years Greece has had its own "PreTravel" plan, as it seeks to lengthen the season by encouraging tourism amongst Greeks to explore the country. The plan also seeks to maintain a greater Greek presence in the easternmost islands of the Aegean, which borders the continually provocative Turkey. Therefore the largest subsidies are obtained in tourist packages to the Dodecanese and eastern islands (Samos, Chios, Limnos, etc.).

In Greece, the governmental tourism subsidy scheme is called "Tourism for All", and this year it will be endowed with about thirty million euros. The initiative is acquiring a new form and structure, which involves practically no bureaucratic formalities.

Redistribution of tourism benefits

This year, estimates of the indirect benefits of tourism on other sectors of the Greek economy point to an additional value of €52.89 billion for the Hellenic country's gross domestic product (GDP). All this, of course, is on the condition that no new black swans emerge that could negatively affect tourism.

That €52.89 billion, which corresponds to about 28% of the projected GDP in 2022, is derived from the 2.65 multipliers that economists assign to tourism and the estimated increase in travel revenues this year to €20 billion, from €18.2 billion in 2019.

These estimates by Greek economists are also shared by major banks such as HSBC and Bank of America, with the former upgrading its forecast for Greek growth this year to 6.5% from 4% previously, and the latter bank talking about a significant positive effect.

The rationale behind the 2.65 multiplier factor is simple; each hotel spends a large part of the money it collects on wages, which in turn increases the disposable household income that is also spent in the economy. At the same time, increased arrivals create additional staffing needs, which boosts employment. In addition, hotel spending on supplies, beverages, fuel, electricity, maintenance, and transportation increase revenues for other industries and so on. In addition to this, travelers spend money outside hotels, while the overall boom in the economy also mobilizes new investments which strengthens construction and other sectors.

Research by Grant Thornton and the Hellenic Chamber of Hotels shows that the benefits of tourism are distributed across 17 branches of economic activity and 9 sectors of the Greek economy, including the primary sector, manufacturing, wholesale and retail trade, transport and logistics, etc.

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