



Weekly Briefing

Greece Economy briefing:

Are Greek banks in danger?

George N. Tzogopoulos

China-CEE Institute

Kiadó: Kína-KKE Intézet Nonprofit Kft.

Szerkesztésért felelős személy: Chen Xin

Kiadásért felelős személy: Huang Ping



1052 Budapest Petőfi Sándor utca 11.



+36 1 5858 690



office@china-cee.eu



china-cee.eu

Greece can attract more tourists

The steady and sustainable economic recovery is a national objective for Greece after eight years of painful international supervision. In that regard, the contribution of tourism is unquestionable. Arrivals in Greece from foreign countries are increasing but there is certainly a potential to attract a higher number of visitors – especially of high income. The Greek government has launched an ambitious tourism growth plan and is presenting it in international for a while specific studies provide useful data about the profile of tourists and their preferences. The increase of arrivals from China is obviously on Greece's agenda.

According to Greek Tourism Minister Elena Kountoura 2018 has turned out as the best year for the country's tourism. In her speech at the World Travel Market (WTM) 2018 at the beginning of November in London she said arrivals to Greece are up 33 percent compared with 2014. In 2018 international visitor numbers are expected to exceed the ministry's 32 million target – including cruise visitors – having smashed through the 30 million barrier in 2017. Additionally, two million air seats and 26,000 hotel beds have been added this year. Tourism Minister Kountoura expects 2019 to be another positive year for Greece's tourism.

In order to attract more visitors Greece is relying on an ambitious tourism growth plan. This includes the launch of special programs to increase capacity and upgrade the quality of 4- and 5-star hotels and attract new investments in health and wellness, golf, meetings, incentives, conferences and exhibitions (MICE), sports and recreation, thematic parks. Additional measures to be implemented in the next years include a program to take effect on Rhodes and Crete promoting year-round tourism and business activity, an EU-funded training and employment program for small and medium-sized

enterprises in thematic tourism as well as support of agricultural production and its link to tourism. Although some environmentalists express their concern about the capacity of small islands with small communities to host a large number of tourists over a short period of time every year, Greece is steadily becoming a global destination.

The contribution of tourism to Greece's GDP is significant. Data provided by the Institute of the Greek Tourism Confederation (INSETE) demonstrate the direct contribution of tourism to GDP amounted to 10.3 percent or €18.3 billion in 2017. This marked an increase of 9.3 percent in comparison to 2016. Taking into account the multiplier benefit effect of tourism on the national economy, the total contribution amounted between € 40.3 and € 48.5 billion – between 22.6 percent and 27.3 percent of GDP. More than 90 percent of the income from tourism activity comes from foreign countries.

In 2017, the regions with the largest incoming passenger traffic were Central Macedonia, the South Aegean, Attica, Crete and the Ionian Islands. As another INSETE study demonstrates visitor profiles differ from region to region. Central Macedonia had the largest number of visitors last year, while the South Aegean and Crete led in terms of receipts. Attica had higher receipts, whereas the Ionian Islands fell short of Central Macedonia in terms of receipts. More specifically, these five regions received 84 percent of the total visits (€26 million for all of Greece), 87 percent of overnight stays (€181 million) and 89 percent of receipts (€12.7 billion).

The German market had an impressive presence in all regions – apart from the North Aegean, especially in terms of overnight stays and receipts. It is followed by the British market, which had a presence in most of the Regions. There was not a single region where at least one of these two countries were not among the top three markets. The region of Attica stood out from the other regions, with its three largest markets, the USA, the UK and Cyprus. Moreover, in three of the four regions bordering on Balkan countries (Western Macedonia, Central Macedonia, Eastern Macedonia-Thrace), at least two of the three

markets with the highest number of visitors were Balkan countries (including Turkey) - in Central Macedonia it is all three. The picture changes in terms of receipts, due to the reduced purchasing power of the Balkan markets, with the German market occupying first place in these regions, except for Eastern Macedonia-Thrace, where the Turkish market ranked first, the Bulgarian second and the German third.

All international arrivals by air reached 20.8 million last year exhibiting an increase of 11.9 percent in comparison to 2016. As far as the country origin of arrivals by air in 2017 is concerned, the UK held the first place (3.6 million) showing an increase of 8 percent in comparison to 2016. Germany remained second (3.5 million) with an increase of 18.7 percent followed by Italy (1.6 million) and France (1.1 million) with increases of 3.7 percent and 5.7 percent respectively. The Netherlands took to fifth position (from seventh in 2016), with 978 thousand passengers showing the highest increase of 30.2 percent and was followed by Russia, Poland, Cyprus, Sweden, Israel, Belgium, Denmark, Austria, and Turkey. The main reasons of travel in 2017 was for holidays (88.8 percent), visiting friends (4.4 percent), conferences (3 percent) and business (2.5 percent). The leading holiday type was sea and sun in 2017 at 68.4 percent, travel at 12.8 percent, city break (8 percent) and cruise travel (4 percent).

Greece still has significant potential for attracting more high-income tourists who bring the biggest added value to the Greek economy. Another INSETE report (covering 2016 and 2017 but excluding Albania, Cyprus and FYROM) elaborates on the profile of incoming tourists. It shows the majority of tourists who visited Greece came from the upper income class (57.8 percent in 2016 and 58.9 percent in the 2017) followed by middle-upper income class tourists (24.7 percent in 2016 and 23.7 percent in 2017) and medium-lower income class tourists (13.2 percent in 2016 and 13.9 percent in 2017 respectively). The percentage of non-Europeans of upper class family income was higher than that Europeans in both years (66.5 percent/64.9 percent compared with 57.1 percent /58.3 percent).

In particular, tourists of upper class income came from Germany (62.4 percent in 2016 and 63.1 percent in 2017), Russia (66.8 percent in 2016 and 71.3 percent in 2017), Poland (65.5 percent in 2016 and 67.6 percent in 2017), Switzerland (64.6 percent in 2016 and 69.1 percent in 2017) and France (62.1 percent in 2017). Tourists of middle/upper income class came from Poland (28.6 percent in 2016 and 26 percent in 2017), Belgium (29.7 percent in 2016 and 29.8 percent in 2017) and the UK (29.5 percent in 2017). Tourists of medium/lower income class came from the UK (19.1 percent in 2016 and 18.6 percent in 2017) and Italy (16.2 percent in 2016 and 18.9 percent in 2017).

By far the tourists of the highest income and education brackets who visited Greece came from the USA but they only accounted for 5 percent of all visitors. According to the INSETE findings, the number of tourists who visited and spent at least one night in Greece came to 20.9 million in 2016. There was a rise in 2017 of 9.8 percent to almost 23 million. The remaining visitors (the number of whom approximately reached 30 million) concerned visitors from Turkey or other countries that were not measured in the afore-mentioned study. In 2016 women accounted for 51.6 percent of visitors and men for 48.4 percent whereas their distribution was equal in 2017. More than two thirds of tourists came to Greece with their partner (67.9 percent in 2016 and 69.3 percent in 2017). Most had a higher education level (62.1 percent in 2016 and 62.2 percent in 2017) and were in the 25-54 age bracket (64.8 percent in 2016 and 64.6 percent in 2017). Their favorite hotel category was four stars, accounting for 29.8 percent of stays in 2016 and 29.7 percent of stays in 2017. Almost every one of them (92.6 percent in 2016 and 93.2 percent in 2017) had booked their holidays in advance, with the most popular sources for information and bookings being the internet and travel agents.

Conclusion

Since 2015 Greece has faced political instability, including two national elections and a referendum which endangered Greece's stay in the Eurozone. At

the same time, the refugee issue has critically affected the international image of country causing some safety and security problems. However, it has managed to increase inbound tourism by more than 30 percent in the last four years. Obviously, the main objective is to keep the good momentum, even if countries in the Mediterranean neighborhood –such as Turkey and Egypt – manage to recover and regain the confidence of international tourists. Another ambition of Greece is to see an increasing number of Chinese tourists visit the country. The operation of an Air China direct flight linking Athens to Beijing since September 2017 has been helpful.

During his visit in Athens in April 2017, Chinese Foreign Minister Wang Yi had said: ‘While more Chinese tourists come to visit Greece every year, we observed that only 150,000 Chinese tourists visited Greece last year. So we think we can further increase this number. I learned that some 3 million Chinese visited Italy last year, but Roman civilization had origins in Greece. So I think that if only half this number can come to Greece – 1.5 million Chinese tourists, that is – it will be ten times the number of Chinese tourists who visited Greece last year. I believe that day is not far off.’ Although it is not particularly easy to count the specific number of Chinese people visiting Greece – as they often fly from another country of the Schengen zone and not directly from China – Wang Yi’s comments spread optimism and pave the way for closer collaboration between China and Greece, also in the tourism sector.